

Weekend

## FINANCIALTIMES

Weekend FT

Rugby: keep your eye on the money

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Queen Beatrix, the General Manager

WEEKEND MAY 4/MAY 5 1996

A forger's pact with the devil



#### France launches privatisation of insurer AGF

World Business Newspaper

France yesterday launched the privatisation of insurer Assurances Générales de France. A preplacement period will start on Monday, allowing potential investors to register their interest in buy-ing shares. The government will sell at least 62m of its 77m AGF shares, including 17m for the general public, 39m for institutional investors and up to 7m for group employees. Analysts believe the privatisation should bring in FFr8bn-FFr10bn (\$1,55bp-\$1,94bn).

Land mine pact agreed: An international protocol outlawing undetectable anti-personnel mines was adopted by 55 governments, but the Geneva pact falls short of a total ban on land

UK Conservatives mauled at local polls: British prime minister



John Major insisted his Conservative party could still win a fifth successive general election next year despite losing 567 of the 1,016 local government seats they were defending in Thursday's polls. He also said his government would make no more concessions to Eurosceptics - party

members who oppose closer European Union integration. Page 22

Aznar epells out plane: Spain's conservative Popular Party leader José María Aznar stressed job creation, government efficiency and meeting Europe's monetary union criteria when he outlined his programme before taking office as prime

China warns US: Beijing warned the US it would retaliate if Washington imposed sanctions on China for copyright piracy. Earlier this week US trade officials said China's failure to implement a joint agreement to protect copyrights was a top trade priority and sanctions were possible.

Dissident in US: The US confirmed that Chinese dissident Liu Gang had been allowed into the country but would not say if he had been granted esylum. Jailed in 1989 as a leader of democracy demonstrations. Liu had been under surveillance since his

Setback for London equity market:

FY-SE 100 Index 29 Apr. 1996 3 May

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A fall in London stocks was limited by the surprise news of a big insurance merger. With seven pure insurance stocks in the FT-SE 100 share index, as well as other companies with big insurance interests, reaction to local election results and the collapse of the BT/Cable & Wireless talks was partly masked. The index closed 24.8 down on the day at

cent, lower over the week. Page 19

eareon warns of Mindscape loss: Information and entertainment group Pearson, which owns the Financial Times, warned that its Mindscape US software company would lose £46m this year and would be completely reorganised.

Harrods chief buys radio station: Mohamed Fayed, Egyptian-born owner of London's Harrods store, paid £3m (\$4.5m) for troubled London radio station Vive, launched less than a year ago for women listeners. Page 4

Vermeer paintings show extended: Paintings by Dutch master Johannes Vermeer have proved so popular that the exhibition at The Hague's Mauritahuis Museum is being extended by

Building bosses probed: South Korean prosecutors said they had indicted the heads of 11 big construction companies after an investigation into breaches of building laws.

Companies in this issue Holland Media Groep Hongkong Bank Astra Lenzing Mobil Cable and Wireles Pacific Asia Tech Chevron Cibe-Gelgy Pizza Express Chibank Royal Bk of Scotle Rugby Group Courteulde SmithKline Beech Coutts (CA) Sun Alliance Bys (Win

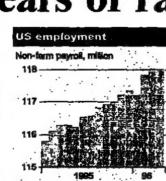
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Jones Industrial Average recov-

Bond prices initially rose half a inflation prospects. The Dow gain of about 120,000. In the first

The figures came as a relief to the bond market which reacted negatively on Thursday to reports of much stronger than expected economic growth. Real gross domestic product grew at an annual rate of 2.8 per cent in the first quarter, against forecasts of an increase of about 1.6 per cent and a 0.5 per cent gain in the final period of last year.
Investors feared that if growth continued at this pace, the Fed

The April employment figures.

#### STOCK MARKET INDICES (-24.8) , M US LUNCHTHEE RATES Federal Funds: .....

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**Gold Markets** 

ude \$2.00; Belgium BF/75; Camada CS1.76, China FMB28.50; Cypnan C21.20; Cooch Rep F880; Dermitorik DK/18.00; Egypt E25.00; Estenia EX/22.00; Fritand First15.50; France FF/11.50; Garm 20; Isaland BXP230; India Rup7E; Indonesia Rp5,000; Israel NS7.80; Italy L3200; Japan Y500; Jorson 301.50; Roha Wan 2000; Kumali Fila.650; Laboron L13.000; Lutumida Liga.16.00; Lutumida Liga.16.00; Lutumida Liga.16.00; Selection Roha; Pri-Popines Pas 80; Polend 21 5.50; Portugal (miland) Exc240; Cular CR13.00; S.Arabia Rist2.00; Spain Par200; St. Lunka Rup20; Gweden St420.00; Selection SF/3 70; Telwan NT385, Thalland Bird5; Tanada Dirt.760; Turkay L60,000; UAE Dh12.00; USA 51.50

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## Philippine court jails 20 Chinese seamen for piracy

A Philippine court yesterday sent 20 Chinese seamen to prison for five years in an attempt to curb piracy, on increasing problem in east Asian waters which has strained relations between Manila and Beijing.

The sentence, to be followed by immediate deportation, is likely to exacerbate tensions between the two countries after a series of

By Gooff Dyer and William Lewis

Eurotunnel's leading banks have

agreed an outline refinancing programme for the Channel tunnel operator which could lead to the group's 225 banks owning nearly half the equity in the

The six banks in the steering

group, which organises the bank-ing syndicate which is owed a total of £8.4bn (\$12.68bn) by the

Anglo-French company, are

expected to present the proposals-

terday that it would oppose any

restructuring plan that involved "substantial" dilution of share-

Eurotunnel added last night:

There has to be now a process of

negotiation. It is nice that they

have been able to get their act

together and agree on some-

The proposals were presented

to a meeting of the instructing

banks, the next layer of the 20

biggest banks, at a meeting in

However Eurotunnel said

to Eurotunnel next week.

in London and David Buchan

Eurotunnel

banks agree

refinancing

outline plan

ippine navy and rogue Chinese

In March, China and the Philippines agreed to co-operate in combating piracy, which has also affected cargo ships from third countries possing through waters in the region.

Several incidents have been blamed on vessels based in southern China, while Theiland

Paris yesterday. However, it

is understood that there was con-

siderable opposition to the ideas

among these banks, although

their approval is not needed at

this stage. Any final plan agreed with the company will

need to be approved by all the 225 banks and the sharebold-

However it is not clear whether

the banks are pressing for the

early departure of Sir Alastair

Morton, Eurotunnel's co-chair-

Paris said that the proposals

were still "vague" and that they

the banks in what is expected to

be an arduous series of negotia-

said that the debt for equity swap

was "one of a range of options

which would be put to the com-

pany. "It is all riding on a knife

edge," the bank said.

The proposals involve a large swap of both principal and inter-

est by the banks, which could be

Another of Eurotimnel's banks

tions.

One bank at the meeting in

man, as part of its proposals.

accused of permitting piracy.
Last week, Philippine officials
apologised for shooting dead two Chinese seamen in waters off Subic Bay north of Manila, admitting that it was a case of mistaken identity. The alleged pirate vessel was in fact a commercial merchant ship registered

in Subic Bay. However, the Philippine gov-ernment believes rogue Chinese naval vessels have been responsi-

ble for robbing international mer-chant ships in Philippine waters on several occasions over the past 12 months. In the worst incident last Feb-

ruary, the Philippine navy, which has been given priority in the armed forces modernisation pro-gramme, sank a rogue Chinese naval vessel 35km off Subic Bay. Shortly afterwards a second incident resulted in the arrest of the Chinese seamen who were

convicted yesterday, Philippine President Fidel Ramos has called on other south-east Asian nations to form a joint council to combat the epidemic of pirate attacks.

"The control and suppression of piracy and other lawless acts on the sea call for a concerted and deliberate regional response," he said. Relations between China and

the Philippines worsened last year when Chinese naval instal-

tion of the disputed Spratly Islands 135km (84 miles) from Philippine territory.

The Philippine navy demolished the structures in a move which culminated in a "code of conduct" agreement between the two countries last September. The islands, thought to be rich in oil and natural gas, are also claimed by Taiwan, Malaysia, Vietnam and Brunei.

### Sweden's Astra hit by sexual allegations

By Hugh Carnegy in Stockholm

One of the world's fastestgrowing pharmaceutical groups Astra, yesterday struggled to shore up its image in the face of lurid allegations of sexual harassment against a number of its US executives.

The allegations have shaken the Swedish company weeks before it is due to be listed on the New York Stock Exchange.

Mr Staffan Ternby, Astra's head of corporate communica-tions at group headquarters near Stockholm, said: "I will not defend this in any way. It is an awful mess and it is very impor-

tant that we clear it up."

Karlier this week Astra, the jewel in the crown of the Wallenberg family industrial empire. suspended Mr Lars Bildman, chief executive of its US operations for the past 15 years, after it was alerted in advance by Business Week magazine to a gations it published yesterday.

The magazine cited a doze cases of women who claimed they were fondled or solicited for sexual favours by Mr Bildman or other executives between 1991

"I don't think these training sessions were pure sex parties but obviously there have been incidents over these years," Mr Ternby said. "We take it

Continued on Page 22



The top-selling Romanian newspaper Evenimental Zilei based its coverage on a story in the Ger-June 2 under the slogan: "He built a name, now he

## Weak US jobs growth eases market fears of rate rise

US payroll employment rose by only 2,000 people last month, alleviating fears in financial markets that rapid economic growth would force the Federal Reserve to raise interest rates.

The Clinton administration drew comfort from an unexpected drop in the jobless rate from 5.6 per cent in March to 5.4 per cent matching the lowest level seen in the past 18 months. Unemployment fell despite weak employment growth because the labour force - the numbers working or available for work - declined.

point, but fell back in later trading on continuing unease about

FT-SE-A All-Share .. 1,887.22

Dow Jones Ind Ave 5,515.97

S & P Composite ..... 647.42

New York kinchtime

E LOSEDON MONEY

.... 3.96

1,668.01

(+17.70)

ered somewhat from its 77-point loss on Thursday, up 14.09 at 5,512.36 at lunchtime. The flat payroll report surprised Wall Street economists who expected a

quarter, monthly employment gains averaged 221,000, about 50 per cent higher than in the second half of last year.

Continued on Page 22 man daily Die Welt. "I was surprised that such a rebuilds a city."

would have to raise short-term interest rates.

Continued on Page 22 Editorial Comment, Page 8

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E NO.1	The opportunity for capital growth through participation in the development of the rapidly growing ASEAN economies, particularly Singapore, Malaysia, Thailand and Indonesia.
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"Source: Murrippel, offer to offer, gross income reinvested in US 157.1%. Five year sector position: 5/8. Guinness Right ASEAN R Limited, 6 Guernssy-based umbrelle fund. Minimum investment the truture. Fluctuations in the value of the underlying securitie exchange rates means that the value of this investment and the guernsteed. Investors should also be aware of the above aver issued by Guinness Right Global Ascart Management Undand, re	und is a sub-fund of Guinness Flight Globel Stratogy Fund : USST,500. Past performance is not necessarily a quide to so not the income from them and changes in interest and e income arising from it may fell as well as rise and in not rage volutility associated with meny developing markets.

Party of Social Democracy in the local elections on

## take lead in Bosnia next year

By Bruce Clark in Brussels

Mr Hans van den Broek, the European Union's external affairs commissioner, believes Europe should play the main role in assembling a military force for Bosnia next year, EU officials said yesterday.

They said he floated this idea during talks earlier this week with senior officials in Washington, among whom he found "widespread acceptance" of the need for some western military force in Bosnia next year.

Mr van den Broek's proposal would imply a sharp acceleration in the EU's so far tortuous efforts to develop a fully-fledged foreign and security policy, and it is likely to provoke intensive debate on both sides of the Atlantic.

The commissioner wants the EU to look urgently at which institutional arrangements could be used to provide the authority for a new peacekeeping force.

Among the available options. the force could be subordinated to the European Council - in other words, to the EU's 15 member governments - or to the 10-member Western Euro-

pean Union. However, Britain will object strongly to vesting the European Council with any authority over military matters, and the WEU's tiny permanent staff are themselves doubtful of their ability to organise such

Another option seen as promising by Mr van den Brock is that a new formula for US-European military co-operation - known as Com-bined Joint Task Forces - be put into action. Military experts have been elaborating this formula, under which European military forces could borrow US equipment, which is normally assigned to Nato, for more than two years.

But politicians on both sides of the Atlantic are likely to balk at the idea of a totally European ground force, with US air cover and logistical sup-

For some US politicians this would still be too deep an involvement in the Bosnian dispute, while Europeans will fear a repeat of the problems faced by the European-led UN force in Bosnia, whose tactics were often criticised from the sidelines by the US.

In public statements the US administration is insisting that it will extract all its forces from Bosnia by December, and west European governments have said they are unwilling to stay there alone. But among senior figures involved in the peace process, both civilian and military, there is a growing belief that a wholesale withdrawal could leave a political vacuum and lead to renewed fighting.

Under one scenario widely floated by experts on the region, the US might maintain its recently established military bases in Hungary, so it could come to the rescue of its allies if they got into difficulty

## EU could | Incoming prime minister promises freeze on public spending in 'major drive' to meet single currency conditions

## Aznar points Spain firmly down road to Emu

By David White and Tom Burns

Mr José Maria Aznar, Spain's incoming prime minister, yesterday promised a "major drive" to meet the conditions for the European single currency and said the new centre-right administration would freeze public spending in real terms this year and next.

Promisting Spaniards "a new style of government", a composed-looking Mr Aznar set out the main lines of his government programme in an 80minute speech to congress, emphasising the need for consensus with trade unions, a more tightly run

The speech came ahead of a vote in congress today when the 43-yearold Mr Aznar is due to be confirmed as prime minister with the hard-won backing of regional parties.

Having finally assembled a working majority nine weeks after his Popular party's narrow election victory, Mr Aznar vowed to make up for lost time and start talks "immediately" with employers and unions on a job-creation pact.

However, he placed his top economic priority firmly on getting Spain into the first group of singlecurrency countries. Mr Felipe Gonz-

civil service, deregulation, and tax alex, the outgoing prime minister, and administrative reforms. alex, the outgoing prime minister, said Mr Aznar could rely on Socialist support to fulfil the criteria. "It is perfectly possible to meet them," he

> Mr Aznar, making clear the key aim was cutting the public sector deficit, committed the new government to reducing the shortfall from last year's 5.8 per cent of gross domestic product to 4.4 per cent this year and 3 per cent in 1997. To achieve this, he said, overall public spending would "in no event" rise by more than the inflation rate.

Conspicuously absent from his proposals were the specific income

lower the 56 per cent top rate to 40 per cent. However, he promised to review rates in a "profound reform" of the tax system aimed at stimulating savings and investment. The changes, which would be accompanied by a crackdown on tax evasion. would include steps to ease the bur-

den on small companies. Mr Aznar said the government would produce a "strategic privatisa-tion plan" and improve the management of remaining state companies. A US-style budget office would be set up under the prime minister's direct authority, and legislation introduced tax pledges made during the election to made the civil service "more mod-

campaign, when the PP said it would ern, professional, austere, efficient and co-ordinated".

The government would step up the fight against corruption and demand "exemplary conduct" from politicians and public servants, he said.

In a bid to win unions' confidence, Mr Aznar promised to maintain the purchasing power of state pensions. but foresaw measures to allow later retirement and promote private pension schemes.

Mr Aznar went out of his way to reinforce the PP's rapprochement with regionalist parties, referring repeatedly to the diversity of Spain and promising to complete the devoHe sought to justify his party's recent agreement with Catalan nationalists on a new regional financing scheme by saying it would help to modernise the tax system, bring the self-governing regions closer to paying for themselves and avoid increasing the overall tax hurden.

Mr Aznar said the PP wanted to preserve a political consensus on terrorism and foreign and defence policy. He did not omit to reaffirm Spain's claim to Gibraltar, saying that Britain would be held to its obligations to clamp down on drug-trafficking and money-launder-

## Broken promises prove an expensive commodity for Safi

Investors lose faith in Romanian mutual funds, writes Virginia Marsh

he broken promise of a billboard – which reads "Safi is more sure" – still stares at angry investors in the Transylvanian town of Brasov. Having realised that Safi in fact means less, about 45 per cent less, Romanians have besieged the office of the financial company and attempted to withdraw depos-

its from its mutual fund.
"I can't believe this has happened. I thought Safi was safe. I've lost half my money and I am afraid I won't be able to take out the rest," a distraught pensioner said yesterday out-side the office. Like many investors, she says she was unaware of the risks of mutual funds and thought her deposit could only increase, as with a bank account.

Romania's Securities Commission has launched an investigation into the handling of the fund, which was suspended for 10 days on Monday after announcing a 45 per cent, or \$71m, markdown in its net worth.

"Safi should have been more transparent but the authorities are at fault for not explaining to the public how these funds work and the risks involved," says an engineer, one of the few investors outside the Safi office who understood why the funds had been marked down.

Some investors were convinced the fund was about to collapse, while others thought that, because its backers include opposition politicians, it had been deliberately brought down by the government. Most people in the street were completely confused.

The troubles at Safi are part of a short but colourful history of investment failures in Romania since the end of communism in 1989. Caritas, a popular pyramid scheme, collapsed in 1994 after luring \$1bn in deposits from about 4m Romanians.

In the Safi case, the markdown occurred after the Securities Commission introduced tough regulations which, among other things, required funds to calculate their worth based on current, not prospective, earnings and assets. Financial analysts say some funds had inflated their value



Counting the cost: investors gather outside a Safi office

large returns, without mentioning the risks.

"Until 1989 Romanians only had two choices as to where to put their extra cash. They could either deposit it at the CEC [The National Savings Bank] or hide it under the bed." says a Bucharest economist. "It's not surprising people are confused by the many choices they now have. At the same time, because of high inflation and the other economic problems they face, many are desperate to make their money go further."

The commission's measures were intended to strengthen

and the public was misled by the sector, bring local practices catchy advertising promising in line with international large returns, without menthe country's fledgling capital markets and in bona fide investment funds. But analysts say the move may have backfired due to Safi's difficulties and the commission's poor

handling of the situation. "I invested in Safi because it had a good track record and offered much better returns than the banks," says a retired university lecturer who withdrew his deposits two weeks ago. "It appeared to be properly regulated, unlike the pyramid schemes we had in the past. Now I'm not so sure." Safi made public its mark-

down a month after new regulations were introduced. Other funds complied immediately and, after initially seeing deposits drop, most have

begun to recover. At the time, Mr George Dan-ielescu, the former finance minister who founded Safi in 1993, said the fund did not need to make any adjustments as it already calculated its worth in the manner required by the new regulations.

Safi is now attempting to explain its sudden change by saying it and the commission had different interpretations about how to value some

It is unclear why the commission, a relatively weak institution founded last year, did not require Safi to make the adjustment earlier and allowed it to continue to collect deposits. As well as the delays, the commission is investigating to whom the fund made payouts before the markdown was announced.

Safi officials say the fund will be able to honour its obligations when it reopens and that it can withstand withdrawals of up to 100bn lei (\$33m). Industry analysts say that even if Safi and other funds go under or have to curtail their activities, the direct impact on the economy will be relatively small.

There are only 10 mutual funds in Romania, valued at around \$330m at the end of 1995. Many now expect small depositors to switch their savings from funds back to banks. However, the problems are likely to force a shakeup in the sector and analysts predict that in future fund managers will have to target larger investors rather than small depositors and move from open-ended

"Open-ended mutual funds are doomed," a senior local banker says, "The confidence of small investors has been seriously shattered. These funds have little future as now, at the slightest sign of trouble, people will remove their money. I hope we can gradually rebuild the population's trust both in investment funds and capital markets in gen-

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### Markets offer timely present

The Gallic cockerel had something to crow about at the end of this week, as for only the second time in modern bond market history long-term French interest rates sank below German

On Thursday, rates on the French government's 10-year OAT bonds first closed the 'yield gap" with Germany's 10-year Bunds and then sank below Bund rates. Yesterday the rate on OATs closed at 6.51 per cent, just below 6.54 per cent on the revered

elected on May 7 last year

Just as in January 1994,

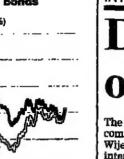
Juppé was sending the right signals to the markets with his announcement this week of public spending cuts in 1997 so that France could qualify for European monetary union. The government's goal is to keep public spending at the same nominal level next year

Nonetheless he said Mr

This implies a real cut - taking account of inflation - of around 2 per cent, or about FFr30bn (\$5.8bn) on a budget of around FFr1,550bn. But because of the inescapable increase in some big budget items like debt service and

will be deeper. Bold though these plans may seem in domestic French terms, the government is aware that they may impress the financial markets less than the DM70bn (\$46bn) cuts announced recently by the Kohl government, and may therefore threaten the new OAT-Bund parity and other forms of convergence between the two countries.

much of Bonn's spending cuts have yet to be negotiated with Germany's regional governments and unions, and are therefore just "headline announcements" at this stage. But precisely the same can be said of the French government's pronouncements so far. World Bond Prices, Page 7



By David Buchan in Paris

This mark of relative approval from the markets could not have provided a better first anniversary present for President Chirac. when the yield gap was 80 basis points (0.8 per cent) in favour of Bunds.

After last autumn's currency crises and social unrest, he and Prime Minister Alain Juppé can plausibly begin to argue that their policy of deficit reduction is paying off with renewed market confidence and lower interest rates that will eventually give the economy a boost.

But analysts were yesterday quick to slience any government tendency to crow too loudly, pointing out the bond market developments had as much to do with German weakness as with French strength.

when OAT rates first dropped below Bund rates at a time of political weakness for the Kohl government, Mr Jean-François Mercier of Salomon Brothers noted that German bonds were currently more susceptible to fears of a rise in US interest rates.

as this year. civil service pay, the cuts in most other areas of spending

It is argued in Paris that

INTERNATIONAL NEWS DIGEST

### Dutch to act over cartels

The Dutch government plans to ban cartels and to set up a commission to review proposed corporate mergers. Mr Hans Wijers, economic affairs minister, said his proposal was intended to stimulate competition and counter the Netherlands' reputation for being "a cartel paradise" among European Union member states. At present, the Dutch have no anti-trust procedure and prosecution for abuse of monopoly

The proposed legislation would require all domestic mergers exceeding Fl 250m (\$150m) to be subject to regulatory review. This could affect an estimated 100 deals a year. According to the economic affairs ministry, all binding vertical pricing arrangements will also be outlawed, although this will not

apply to franchises.

The ministry is also proposing to make infringements subject to a fine of Fl Im or 10 per cent of the annual sales of the company concerned, whichever is the higher. The commission would operate under ministerial oversight for five years, after which the government's technical veto power would be reviewed.

David Brown, Amsterdam

#### Brussels in drug merger probe

The European Commission has begun a four-month investigation into the proposed \$90bn merger between Ciba-Geigy and Sandoz to form Novartis, the world's second-largest drugs group. After a preliminary one-month inquiry the Commission decided the deal was so large and complex it would have to be scrutinised in more detail. A final decision on what would be one of Europe's largest-ever

mergers may not come until September. The Commission said Novartis would be the world's biggest supplier of crop protection products, and second-biggest supplier in the pharmaceuticals, animal health and seed sectors. Sandoz said it was "confident" the merger would be approved, and was "not surprised" the Commission had extended the investigation, given the deal's size.

Brussels also announced yesterday that it was investigating proposals from the Dutch media venture Holland Media Groep to convert the Dutch television station RTL5 into a 24-hour news channel. It ruled last September that the merger of Dutch-language television channels RTL and Veronica, plus Endemol Entertainment, the largest independent TV producer in the Netherlands, to form Holland Media Groep, had to be restructured to avoid contravening EU competition laws.

Endemol has since withdrawn from HMG and, in an attempt to allay the Commission's remaining concerns that the venture will hinder competition in the Dutch television market, plans to convert RTL5 from a general channel into a specialist news channel. Neil Buckley, Brussels

#### **Tencel challenge overruled**

The European patents office appeals board yesterday ruled that Lenzing's patent for lyocell, the world's first new man-made fibre for decades, was invalid. Courtaulds, the British chemicals company, had begun manufacturing its own version of the fibre, known as Tencel, ahead of Lenzing, but the Austrian company was claiming infringement of its

European process patent. The intensity of the dispute has been fuelled by the fibre's huge market potential. Lyocell is made from woodpulp, but unlike its predecessor, viscose, it retains its strength when wet and can be manufactured into much finer fabrics. This makes it an attractive substitute for wool and cotton. Courtaulds' shares closed up 11p at 422p. Jenny Luesby, London,

#### Good prices for Impressionists



The Impressionist and Modern art market continued its upward climb at auctions this week in New York. Evening sales at Christie's and Sotheby's totalled \$76m and \$64m respectively, with more than 80 per cent sold by both lot and value. The season's results, echoing the astonishing \$100m evening tallies in November, suggest there is no shortage of enthusiastic bidders. There is, however, a shortage of top-dollar works of

art. Most of the important lots were state properties. Christie's scooped the pool with collections of Joseph Hazen, Joan Toor Cummings and Eugene Solow. Prices were sound rather than sensational. The star lot at Christie's was an atypical Van Gogh, one of perhaps 10 paintings of cafes or restaurants. It changed hands at \$10.3m. Hazen's luscious Degas pastel of a woman in a tub fetched

\$5.4m, his Joan Gris Cubist "Backgammon" made \$3.4m, a record for the artist at auction. Sotheby's great success was Monet's "Les Meules, Giverny, Effet du Matin", one of five of his earliest paintings in the grain stacks series. It sold to a Japanese dealer for \$7m, more than it had made when offered in 1989 at the height of the

#### Susan Moore, London Mobil signs up for Tengiz field

Mobil and Kazakhstan signed a final agreement yesterday for the US oil company to buy a quarter stake in the \$20bn. 40-year joint venture to develop the huge Tengiz oilfield on the Caspian shore. Mobil joins Chevron, which has a half share in the three-year-old Tengizchevroil venture. Kazakhstan's share falls to a quarter. Sale terms were not disclosed.

The deal comes less than a week after a landmark protocol was signed to form a new consortium – including Chevron and Mobil - to build a oil export pipeline to pump Tengiz crude through Russia to the Black Sea. The Tengiz field has recoverable reserves of 6bn-9bn barrels. Output now is 100,000 b/d, but is expected to peak at 700,000 b/d by 2010.

According to Mr Nurlan Balgimbayev, oil minister, after royalties, taxes, transit fees and duties, Kazakhstan would still earn 72 per cent of profits from Tengizchevroil. Chevron and Mobil would split the rest.

#### Norway oil strike looms

Norwegian offshore workers threatened to begin a strike today which could shut down about 40 per cent of the country's oil production of 3m barrels per day. The Norwegian Federation of Oil Workers has called on 740 workers at nine offshore installations to stop work in sympathy action for colleagues involved in a pay strike at four offshore service companies. In London, Brent crude on the International Petroleum Exchange continued its steady rise under the threat of a strike. June Brent was up 38 cents at 19.17 a barrel shortly after trading began in the US.

ANNUAL AND SPECIAL STOCKHOLDERS' MEETING OF MAY 3, 1996

On May 3, 1996, the Annual and Special Stockholders' Meeting was held in Turin on the first calling under the chairmanship

The Annual Meeting approved the report on operations from the Board of Directors and the financial statements at December 31, 1995, certified by the auditing firm of Arthur Andersen S.p.A. The income statement shows net income of 1,744,760,417,214 lire, which, after allocating 87,238,020,861 lire to the statutory reserve, will be earmarked for the distri-

common shares: 12% of their par value of 1,000 lire, equivalent to 120 lire per share,

- savings shares: 14% of their par value of 1,000 lire, equivalent to 140 lire per share. with the balance of 641,734,738,653 lire allocated to the reserve for accelerated depreciation.

The Annual Meeting also approved the amendments to the contract assigned to Arthur Andersen S.p.A. for the auditing and certification of the financial statements for the 1995 and 1996 fiscal years, which were required as a result of the completion

of the partial demerger of TELECOM ITALIA S.p.A. The Special Meeting approved the utilization of the reserve for inflation adjustments under Law 72/1983 to pay the corporate net worth tax due under Law No.461/1992 for the 1995 fiscal year, in the amount of 144,774.669.000 line.

#### PAYMENT OF DIVIDENDS FOR THE 1995 FISCAL YEAR

In accordance with the resolution of the Stockholders' Meeting, the dividend for the 1995 fiscal year, in the amount stated above and before the requisite tax withholdings, will be payable as of May 20, 1996 at the Company's offices at 23 Via Belfiore, Turin, and 189 Via Flaminia, Rome, or at any of the authorized banks listed in the Notice of Meeting, as well as through Monte Titoli S.p.A. for the securities which it manages. Payment of the dividends on both the common and savings shares will be made against presentation of coupon No.1.

This notice is also available at the following Internet address: http://www.telecomitalia.it



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succumbs to justify his become to with the case of a new track the case of to US fast food invasion and the bb aged drives consensus of and defend

By Jaremy Grant in Henoi

For fast food junkies in Vietnam, the news is good. But for the country's guardians of cultural correctness, the opening of a Texas Chicken outlet in Ho Chi Minh City today may be a little difficult to swallow.

The restaurant, the first US fast food outlet in Vietnam, is a joint venture between Atlanta-based America's Favorite Chicken (AFC) and PT Cintra Selera Murni of Indonesia, owned by Mr Atlang Latief, an ethnic Chinese businessman.

The restaurant, located within striking distance of foreign-financed botels and office blocks, belongs to the same chain that owns Popeye's Chicken & Biscuits in the US. It can accommodate 100 people and features Texan motifs on its walls. The menu is simple: "southern fried chicken".

Although upmarket restaurants serving western-style food are common in a city with a growing foreign community, the food culture - as throughout Vietnam - is still based on the twin staples of rice and noodles. Yet AFC has plans to open 10 Texas Chicken outlets

in Vietnam by 2000. The price of a plate of chicken has not yet been disclosed, but locals are unlikely to find it a strain on the wallet. With an average annual per capita income of \$850, Ho Chi Minh City has started to attract a range of foreign investors in the leisure, restau-

There has been an undercurrent of discomfort at 'unwelcome foreign influences'

rant and ice-cream business. chasing increasing purchasing power.

The fact that Texas Chicken is partly backed by an ethnic Chinese will no doubt help ensure the venture's success. Business in Ho Chi Minh City is dominated by those with Chinese connections, usually retail projects like restaurants and hotels.

Another restaurant venture is planned for Ho Chi Minh City by Mr BS Ong, the Singapore-based tycoon who plans to open a branch of the Hard Rock Cafe franchise, which he

The timing of the launch of the US fast food concept in Vietnam is perhaps unusual, coming three months after the authorities started a campaign against "social evils", mostly prostitution, drugs and gam-bling. But there has been an undercurrent of discomfort at unwelcome foreign influ-

As part of the drive, signs bearing foreign brand names and logos have been painted

Still, the existence of a Texan logo in bright red and yellow colours over the new restaurant may not grate too much with the Vietnamese government officials invited to today's opening ceremony. Some of them may already be familiar with the fast food con-

Vietnamese and Thai entrepreneurs have opened a num-ber of low-budget restaurants in the city centre in the last year. One such establishment operating on a main street until recently and serving bar-becued chicken used Vietnam-ese lettering to style itself "Ca-

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## Vietnam UN fails to agree outright ban on landmines

The United Nations and humanitarian organisations vesterday vowed to step up their joint campaign for a complete ban on anti-personnel landmines, after representatives of more than 50 govern-ments adopted a UN treaty merely to strengthen controls on their use and export.

Boutros Ghall, UN secretary-general, said he was deeply dis-appointed by the failure to agree a ban. He called on all states to prohibit the production, stockpiling, use or sale of landmines. By the time of the next review of the treaty in 2001, another 50,000 civilians

In a statement to the closing session of the treaty negotiations in Geneva, Mr Boutros would have been kulled and a further 80,000 wounded by landmines, he said. "Furtherlandmines, he said. "Further-more, 10m to 25m landmines will have been added to the 110m already uncleared." Some 34 countries have

expressed their support for a ban and more than a dozen have unilaterally renounced the use of anti-personnel landmines, most of these since the

start of talks in early 1994 to revise the 1980 UN treaty on inhumane weapons. Nearly 50 nations are observing a UN call for a moratorium on all or some landmines,

including almost all those countries which used to be important exporters.

But big landmine producers, such as Russia, China, India and Pakistan, oppose a ban, saying they still see a military need for mines to defend their borders. The US is said to be

considering a phase-out but only by 2010. Canada yesterday announced its intention to host a conference in Ottawa in September to mobilise support for an international landmine ban, to be attended by like-minded governments and non-governsaid the Canadian government planned to submit a resolution June meeting of the Organisa-

to the UN general assembly and would be pressing at the tion of American States for a "landmine free zone" in the western hemisphere.
Diplomats involved in the treaty revision, adopted after

Pakistan withdrew earlier

objections, maintain that if respected the new rules will

save many lives. The rules, expected to enter into force later this year, will outlaw the use of undetectable plastic landmines and ban long-lived mines outside guarded fenced areas, though only after nine years. An begins immediately.

## Tough line by Hongkong Bank surprises strikers

Manuela Saragosa on why foreign bankers are accused of misunderstanding Indonesian subtleties

he disputes between foreign banks in Indonesia and their staff - highlighted this week when Hongkong and Shanghai Banking Corporation dismissed a third of its workforce - reflects two causes of conflict in the industry: cultural misunderstandings between company and employees; and union power at foreign banks.

The disputes have been prompted by the renewing of collective labour agreements, known as CLAs, with union leaders. CLAs. which are peculiar to foreign banks as workers at local banks are not unionised, are renewed every two years and strikes and industrial action are a part of

the negotiating process. At Hongkong Bank 187 employees have been fired. with the bank arguing that they were staging an illegal strike. The union says the employ-

ees were sacked but manage ment insists that, under Indonesian law, the strike was illegal as no application had been made a week earlier to the ministry of manpower and therefore the employees had chosen to resign. Citibank has so far managed

to avert a protracted strike, although its staff have taken to wearing protest signs at work The dismissals at Hongkong

Union, the only one recognised by a government which keeps tight control over organisation of labour. And Hongkong Bank's hard line in the negotiations may be setting a prece-dent for other foreign banks in To members of the union.

tions was cultural. They claim that management was "dictatorial" in its talks and ignored the subtleties of negotiating techniques in Indonesian cul-

the problem with the negotia-

They argue that negotiations require time and patience, quoting the Indonesian princi-Bank came as a shock to the ple of musyawarah untuk

bank's union, which is part of the All Indonesia Workers Union, the only one recognised mufakat, or "consensus deci-sion-making", which is enshrined in the state ideology and means that decisions between negotiating parties should be unanimously agreed.

"If we are talking about consensus they have to under-stand about Indonesian culture," says Mr Ugianto, head of the Hongkong Bank union, who is one of the 187 dismissed

employees. However, Mr Philip Holber-ton, the bank's chief executive in Indonesia, noted that the negotiating team had been all-Indonesian.

To many foreign bankers the ue has more to do with the union taking advantage of favourable labour conditions.

CLAs are an obvious source of conflict, as they are made up of dozens of articles going into detail about each employment condition, and are renegotiated word-for-word.

In the murky world of Indowhether CLAs are obligatory but most agree that the fact that foreign banks negotiate them is a sign of goodwill on their behalf. It is, however, a laborious process that can take as long as four months.

"It's a recipe for a problem. You can imagine the drain on a person's sanity," says a direc-tor of one foreign bank in Jak-

This argument, however, does not win favour with the union. At Hongkong Bank they wanted across-the-board pay increases of 8.9 per cent and, among other things, were demanding severance pay of \$100,000 for anyone who was sacked and a letter of recom-

mendation thrown in. Hongkong Bank did not want to offer any pay increases, arguing that meritbased pay rises and other benefits already amounted to a sufficient improvement in the pay

packages offered. Union members also voiced complaints about promotion opportunities at Hongkong Bank, saying only those people with overseas degrees were promoted beyond supervisory

This, they say, creates a feeling of "class conflict" between management and junior staff. Management at the bank deny they limit promotions in this way.

Industry analysts say race may also be an issue. It is widely acknowledged that many Indonesian bank executives are of ethnic Chinese origin, a minority resented among other Indonesians for their disproportionate hold on the country's private capital.

Meanwhile, Hongkong Bank says it will continue operating normally and notes that "loval staff" have been working overtime to make up for the labour shortage.

#### Indian reformer urges more federalism

By Shiraz Sidhva in New Delhi

India's national political parties should become more federal and the country's states would work better together as a loose confederation, Mr P Chidambaram, who resigned as commerce minister in April to contest last week's elections on a regional party's ticket, said

"All national parties should become federal parties because there is simply not enough wisdom which can take into account regional aspirations and evolve a national policy without offending regional sentiments: ...

"That kind of wisdom perished with Indira Gandhi and Rajiv Gandhi. It therefore eems not only necessary but also desirable that national parties become federal in char-The Harvard-educated law-

yer, considered one of the architects of India's economic reform programme, resigned from Mr PV Narasimha Rao's cabinet in protest at his Congress party's electoral alliance with the ruling party in Tamil Nadu, his home state.

He was subsequently expelled from the party.

The former minister said federal parties worked well in Germany and the US, and there was no reason why they should not work in

"At the state level, liberalisation has already forced decentralisation of power through a system of panchayati raj [local self-government at the village level], and will eventually lead to a more federal policy," he said.

"On an economic level, states are already separately wooing investment and separately developing their own infrastructure, but a parallel movement is necessary at a political level."

The election results next week are likely to show national political parties on the decline and a rise in the fortunes of regional parties.

"This is because the leadership is unable to comprehend and accommodate state leaders - there is little effort made to understand them, and less effort to accommodate their aspirations, and so there are revolts at hand," explained Mr Chidambaram.

He pointed out that no national political party had been free from revolt in recent years; the Congress is facing revolt in several states.

According to Mr Chidamberam, the Janata Dal, which along with the left parties makes up the National Front, the so-called third force in Indian politics, had already achieved a federal character.

On economic reforms, Mr Chidambaram insisted they would not depend on which government was in power, but on who the reformers were in that government.

"Strong reformist leaders in charge of ministries including finance, commerce, industry, and agriculture could push the reforms component through more effectively in an apparently weak government than no reformers in a strong gov-

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Revenue service

offshore funds

The Inland Revenue is investigating the activities of the offshore subsidiaries of UK building societies following concerns that the rapid growth of the subsidiaries was leading to

loss of tax revenues. Building societies are Britain's main savings and loan institutions. Ms Kate Main, under-secretary

at the Building Societies Association, said: "The Inland Reve-

nue has been asking a number of questions of the parent

companies. It is trying to establish whether the offshore com-panies are genuine subsidiaries."

Most of the UK's large banks and building societies have offshore subsidiaries usually in islands near the British main-

land such as Jersey, Guernsey or the Isle of Man. For example, Abbey National has a subsidiary in Jersey which has more

than £3bn (\$3bn) in retail and wholesale funds. Offshore sub-

sidiaries of UK building societies have more than 16bn in

Industry experts, however, said that it was increasingly worried by the possible loss of taxes, both as a result of

companies earning profits offshore, and from potential tax evasion by UK taxpayers. Industry insiders said that most

building societies were being examined, but the Revenue was

especially interested in those which aggressively marketed offshore subsidiaries in the UK, or which paid higher rates offshore. Most offshore subsidiaries of banks and building

societies are careful not to seek money actively from UK

residents since it might attract business from those seeking to

Many experimenting with drugs

Almost half of people aged between 16 and 29 have tried illegal

drugs, says the latest British Crime Survey, a government-backed report. But most of those who have tried drugs say they have done so on a one-off basis or only occasionally. One in four have taken drugs in the past 12 months, and one in

seven admit to being regular users. Cannabis is the most

commonly used drug, and is twice as popular among younger

people than other drugs. The 1994 study was based on inter-

views with 10,000 people aged 16-59.

It says use of drugs declines with age. Teenagers aged between 16 and 19 were most likely to be users, with one in five claiming to have taken drugs in the past month. Of the

drug users, 14 per cent had tried amphetamines or speed. 13

per cent poppers. 10 per cent magic mushrooms. 9 per cent

LSD and 6 per cent ecstasy. Just 3 per cent had tried cocaine

and fewer than 1 per cent had experimented with heroin,

Roger Taylor. Personal Finance Staff

deposits. The Revenue would not comment yesterday.

## Saudi stake in | Very much in the public interest power company is disclosed

By Patrick Harverson

Saudi-controlled investment company closely involved in buying a 12.5 per cent stake in National Grid three days ago had previously taken an interest in 2.7m of the British transmission company's shares, it has emerged.

The news is likely to heighten political concern about ownership of the UK electricity industry. Only yesterday Midlands Electricity, one of the largest regional elec-tricity companies, confirmed it was in takeover talks with a US utility. General Public Utili-ties, the New Jersey-based util-ity, is believed to be the suitor, although at least two other US groups are also interested in acquiring the British company.

The US utilities separately approached the company last ek after Mr Ian Lang, the trade and industry secretary, unexpectedly blocked a bid for the company by PowerGen and a separate offer for Southern Electric by National Power,

another generator. Mr Lang's decision shocked the stock market, as did Thursday's additional announcement by the government that it would use its "golden shares" in National Power and Power-Gen to block any bids for the generators until there was increased competition in the

power generation industry.
The warning was partly intended to discourage another

By Norma Cohen in London

Halifax Building Society could

lose millions of pounds of

deposits from pension schemes

whose members are being

denied bonuses when the soci-

ety, a mutually owned savings

and loan institution, converts

At least one scheme, cover-

ing more than 50,000 employ-

ees of J. Sainsbury, the super-

market chain, is threatening to

withdraw about £5m of its

members' money. The funds

are additional voluntary contributions (AVC) to the pen-

cashed only when members

Managers of the £4bn

(\$6.04bn) BBC pension scheme are also believed to be consid-

ering withdrawing their mem-

bers' AVC funds from the Hali-

Halifax, the country's lead-

ing society, has about £123m

on deposit in such contribu-

tions from members in about

The society is expected to

float on the stock market next

year following its merger last

year with the Leeds Permanent

society. Investors are to

receive free shares, but the

amount to be distributed is not

Halifax has told the

Sainsbury pension scheme

that, because AVC funds are

held in deposit accounts, these

fax for similar reasons.

400 pension schemes.

to a bank next year.

US utility. Atlanta-based Southern Company, from pursuing an acquisition of National Power. Yesterday senior executives of Southern New back to the US, indicating the group had decided to abandon its plans for a takeover of

the generator. Growing overseas interest in the UK electricity industry was highlighted by the news on Tuesday that the Olayan Group, a Saudi-controlled investment company, had become closely involved in the purchase from Hanson, the industrial conglomerate, of a 12.5 per cent stake in National Grid by stockbroker HSBC James Capel.

The group, controlled by Saudi financier Sheikh Suliman S Olayan, helped Capel buy the 210m shares by agreeing to enter a derivatives contract to protect the firm against a fall in National Grid's share price. Capel subse-quently reduced the stake to 12.2 per cent

However, it emerged yesterday that Olayan's involvement with the transmission company extended further. In the past few months it has accumulated an interest in 2.7m National Grid shares through other derivative transactions. The reasons for Olayan's interest by Capel in the transmission company are unknown, but National Grid had talks with the group on Thursday and described its

thing for our members," he

Mr Pearson said he had tried

to convince Halifax to extend

share or bonus payments to

scheme members. Last month

he wrote to the Halifax noting

earning an annualised rate of

5.4 per cent on their AVCs

compared with a rate on Tessa

tax-free savings accounts of

5.65 per cent, plus a further

am sure you are aware, a

revolt is developing through-

out the pensions industry

move, saying it could not dis-

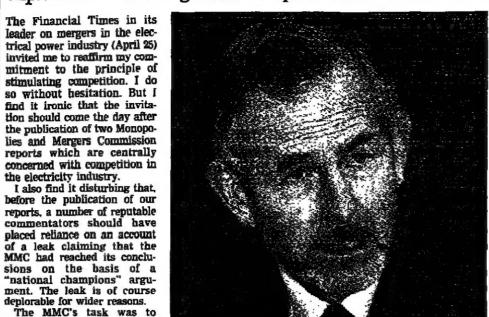
He warned in his letter: "As I

bonus on flotation.

that scheme members were

market share is now 57 per cent. We estimated this would meeting as "constructive". reduce to less than 40 per cent over the next few years, taking Society may lose account of the sales of existing capacity agreed by the companies with the director general of electricity supply, the regulator, and the amount pensions cash of new independently owned capacity under construction or where planning is well advanced. We concluded this

Graeme Odgers, chairman of the Monopolies and Mergers Commission, explains how it safeguards competition in the electrical power industry The Financial Times in its leader on mergers in the elec-



Graeme Odgers: convinced of soundness of regulatory system

onwards in the absence of the

We looked at competition in the electricity supply market. We found that that part of the market where competition is permitted (namely customers with a demand of more than 100kW) is highly competitive. We then considered the

effects of each merger. In relation to competition in generation, we concluded that adverse effects would follow the acquisitions by National Power and PowerGen of the equity interests in independent power producers owned by Southern Electric and Midlands Electricity and of their rights under associated power

purchase agreements. We looked at the ability of National Power and PowerGen to influence the level of electricity pool prices. We concluded that, provided the adverse effects from the links with the independent power producers were dealt with, the ability of the two large generators to affect the levels of these prices for a sustained period -

We considered the effect of the mergers on the market for contracts between generators and suppliers (the so-called contracts for differences). We concluded that, even if both mergers went ahead, this market would continue to be a healthy one. We examined the effect of

each merger on competition in both parts of the supply market. We concluded that neither merger would make a signifi-cant difference to the already highly competitive over-100kW

The under-100kW market was more difficult to assess because it will not become competitive until 1998. Opposing views were put to us. We concluded that neither merger would reduce competition in

We examined the regulatory implications of the mergers and concluded they would make it more difficult for the director general to implement the regulatory regime, contrary to the public interest.

Much has been made in the press of our conclusion that each merger would create a company better able to com-

investigates pete in international markets. When considering the public interest, we are required under the Fair Trading Act to have regard to, among other things.

and promoting competitive activity in overseas markets by UK companies. Both our reports state we did not consider this benefit was sufficient to outweigh the detriments of each merger. Accordingly, we concluded that both mergers might be expected to be against the public interest.

the desirability of maintaining

We considered, however, that the adverse effects of the mergers were not sufficiently serious to justify prohibition. We proposed alternative

It is not unreasonable for others to take a different view about the future development of competition in the electricity industry. Indeed one meniber of our own panel produced a minority report.
I suggest however that it is

wholly unreasonable, and flies in the face of what we say in the two reports, to imply that we reached our conclusions because we were insufficiently interested in maintaining and promoting competition or because we have an overriding commitment to the develop-

ment of "national champions" The trade secretary agreed with the MMC's adverse findings on the mergers. I was personally disappointed when he did not accept our recommen dations for how these might be remedied. I always am disappointed when this happens, as does from time to time.

However, I am convinced of the soundness of our tripartite regulatory system, which leaves the final decision in cases where the MMC has made an adverse finding to the trade secretary who is answerable to parliament. We should not be surprised when on complex and controversial matters there are occasional differences of view between ourselves and the trade secretary. I do not see that as in any way undermining the position of

Harrods

radio

station

chief buys

The short and troubled life of

radio station for women, took

another twist yesterday when

it was bought by Mr Mohamed

Fayed for £3m (\$4.5m), Chris-

topher Price writes. Mr Faved

owns the Harrods store in Lon-

don. However, the purchase,

like Viva's first 10 months of

operations, was plunged into

controversy when the station's

new owner clashed with the

Radio Authority over the

Liberty Publishing, a subsid-

iary of Harrods and Mr

Fayed's new media arm, ini-

tially said it planned to aban-

don the all-women format. But

the company later issued a clarification of its purchase

announcement to make it clear

it would "adhere to the spirit"

of providing a service aimed at

terms of the licence.

#### Company failures decline Fewer casualties

In England & Wales, seasonally adjusted ('000)

The number of British compa nies failing declined sharply in the first quarter of 1996, reaching its lowest level for nearly six years, said the British Chambers of Commerce. Some 3,295 companies became insolvent in the first quarter. This was down almost 12 per cent on the previous quarter, after adjusting for normal seasonal patterns. Over the past year 1.5 per cent of active companies have become insolvent. This is further evidence of a sustained recovery and, in particular, reflects the continued improvement in the performance and cashflow position

of the small business sector," said Mr Ian Peters, deputy director-general of the chambers. Insolvencies have been tailing off steadily since late 1992, when they peaked at more than 6,000 in the second quarter. The number of individuals declared bankrupt also fell in the first quarter of this year. dropping to 6,453 from the 6,481 recorded in the fourth quarter of 1995. But the number of individual insolvencies remains higher than it was a year ago. Robert Chote, Economics Editor

#### Sweepstake ends at Exchange

The combined effects of the National Lottery and Big Bang have ended one of the London Stock Exchange's longest-running traditions. The annual Derby Sweepstake, which used to offer a first prize of £35,000 (\$52,850), has been abolished. The sweepstake, which became a grand event before the Second World War, has suffered a gradual decline since the end of trading on the exchange floor in 1986. It has also been affected recently by competition from the National Lottery. Tickets were sold for £2 each and, in the late 1970s, City enthusiasm was so great that it offered a first prize of some £35,000 while giving £20,000 to charity. Last June. the first prize was only £13,500 and the charity donation £3,500. Mr Bill Legge-Bourke, one of the two trustees of the event,

said its abolition had been a "very difficult" decision. "It was intended for another world," he said.

#### Some players 'are addicts'



obvious areas of concern particularly with regard to addiction and under age playing," she said. "The addiction problem does exist; there is undoubtedly a small percentage of players who are unfortunately spending more than they should on the lottery. But it is a small percentage."

Contracts: VarityPerkins, the Peterborough-based diesel engines subsidiary of Varity Corporation of the US, has won and materials handling group Clark.

won an order, worth \$20m (£13.2m) over two years, to supply starters, alternators and engine distributors to Volkswagen car plants in Brazil.

#### investors are not deemed to be society members, only deposi-tors. However, Mr Geoffrey to keep them high or to cause would provide a broadly satisfactory competitive environthem to fluctuate - would be Pearson, manager of the £1.8bn ment in generation from 1997 scheme, said the contributions were long-term investments Rescue scheme planned and that the fund's members ought to be rewarded accordingly. "We want to do the best

determine whether either of

the mergers - resulting from the bids by National Power for Southern Electric and by

PowerGen for Midlands Elec-

tricity - might be expected to

operate against the public interest. As is set out in the

examined competition in the

electricity generation and sup-

ply markets in depth, first in the absence of the relevant

merger and then if the merger

We found that the generation

market was becoming less concentrated and that this

trend was likely to continue. In

1990 National Power and

PowerGen between them had

73 per cent of the market; their

published reports.

were to proceed.

Financial Times Reporters in Brussels and London

Mr Douglas Hogg, the UK set out plans for a new quality assurance scheme for grassreared cattle, which the government hopes could eventu-ally form the basis for a partial lifting of the EU beef export

The Mature Beef Assurance

Scheme is intended to allow which may well undermine your flotation plans." onto the UK market high-The Sainsbury pension quality meat from specialist scheme offers members a grass-fed herds whose animals choice of three different promature later than 30 months. viders with which AVCs can be Beef covered under the invested. Halifax was chosen scheme would come from in 1988, and scheme members herds which had not recorded any cases of BSE, or "mad cow have been putting about £1m of their AVCs there a year. disease" for at least seven Roughly 12 per cent of Sainsyears. The scheme will apply particularly to organic producbury scheme members have ers, farmers with pedigree herds and hill farms covering Halifax declined to comment on the Sainsbury scheme's an estimated 3 to 5 per cent of

months must be destroyed to a "step by step" lifting of the try to combat BSE. The comed the scheme, but said it would have to be policed very strictly. "Farmers in it will have to keep absolutely tip-top records - one mistake and you're out," said Mr Ian Gardiner, NFU policy director. Mrs Angela Browning, the junior agriculture minister, said: "It is important to get this highquality beef from prime British

been hit hard by the new rule

for BSE-free beef herds

cattle back onto the menu. Ministers hope for a speedy introduction of the voluntary scheme, and the consultation period will end on May 17. Farmers in Scotland, which has the highest concentration of specialist beef herds, will particularly benefit. Mr Hogg is understood to believe that the quality assurance scheme could offer the kind of safety UK beef production. guarantee demanded by Traditional producers have EU agriculture ministers. guarantee demanded by many

that all beef cattle aged over 30 council agreed there should be worldwide ban on British beef quality-assured beef to the world markets could prove a vital first step in rebuilding confidence in the whole British beef industry.

Last week's EU agriculture

Although the European Commission is due to review the ban next week, a Commission official said he did not expect any relaxation of embargo. He added that "major decisions" were also unlikely to emerge from a meeting of the EU's standing veterinary committee of senior government officials on Tuesday and Wednesday.

The first items likely to be struck off the embargo list are gelatine, tallow and semen. The official said a special meeting of the veterinary committee will be called in coming weeks to consider any new measures and a step-by-step lifting of the export ban.

women aged between 25 and 44 in the London area. Mr John Dux, chief executive of Liberty, said: "We intend to broadcast a broad range of programmes, and if we attract a majority of women listeners we will have succeeded. If motor racing attracts a lot of women listeners, we'll broadcast it." He added that the "niche programming" of Viva had "failed miserably". Golden Rose Communications, the station's owner, is thought to have spent £1.5m on Viva since its

> Mr Dux's views suggest divergence from the vision which brought Viva to the airwomen celebrities, the station aimed to attract career women. "who do not want to be patronised with bland, oldstyle knitting patterns and

Some people are addicted to playing the National Lottery, said Ms Louise White, public affairs manager of Camelot, the consortium which administers the National Lottery. She said at a conference about the lottery organised by the Scottish Council for Voluntary Organisations that a "small percentage" of lot-THE NATIONAL tery players were undoubtedly spending more than they should. "Socially there have been

initial orders worth \$50m (£33,1m) for its new range of compact, very low emissions diesel engines launched in Germany last month. First customers include forklift manufacturer Boss Lucas Industries, the automotive and aerospace group, has

Losses reversed after Office of Fair Trading admits mistake caused by 'human error'

#### Blunder by watchdog hits company's shares Michaelsons retain just over

By David Blackwell in London

A mistake by the Office of Fair Trading yesterday sent shares tumbling in Colorvision, the Liverpool-based television and video retailer that has been fighting to retain its consumer credit licences. When the market opened the

shares rapidly fell from 26p to 16p. However, it is understood that there were no trades until after the stock exchange withdrew the OFT press release, which was dated January 26 and headed "Colorvision loses consumer credit licences". By 08h46 London time the screens were showing that the reverse was true, and the shares recovered to close up 6p at 32p. The exchange would only say yes-terday that it was "looking into the matter", while the OFT put its mistake down to

The OFT has accepted Colorvision's assurances on its future conduct following a shake-up of the board that has ousted the brothers who founded the group 32 years ago. It will not contest the group's appeal against the revocation of its credit licences - although the final decision rests with ministers.

Mr Neville Michaelson, who was chairman, and his brother Bernard, have agreed to transfer for no consideration more than half their 67 per cent holding. One analyst described the deal with the OFT as "pretty severe" for the brothers, who had had to choose between retaining 67 per cent of nothing or 30 per cent of what the new manage-ment could generate. The shares will be placed in a dis-

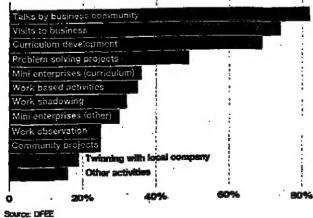
6m shares, or 29.9 per cent. A further 29.9 per cent will be divided between Sir Brian Wolfson, the former Granada joint chief executive who becomes executive chairman; Mr Adrian Collins, a former head of Gartmore, is a new non-executive director; and Strand Partners, which has acted as the group's financial adviser. Mr Anthony Rawlinson of Strand also becomes a non-executive director. The

cretionary trust for the benefit of the group's key employees. The OFT said the Colorvision case was the first time it had accepted undertakings after revoking licences. In October last year, when the initial warning was issued. Colorvision had failed to convince the OFT that the group was fit to keep the licences. Colorvision warned last month that sales excluding sat-

ellite systems had fallen 29 per cent since January 26, when the OFT took action to revoke

#### Drawing closer to business

% of achools with links



## Schools back plan for links with local businesses

Links between business and schools, which recently received significant support from the government, are already becoming firmly established

in schools for pupils aged over 11.

According to the most recent figures from the Department for Education and Employment, 92 per cent of such schools have some links with business, and 98 per cent of pupils in their final year of compulsory schooling are involved in work experience. The move follows growing com-

plaints by employers' organisations

that schools are failing to equip chil-

dren with the skills they will need in

an employers' group which received government backing when it started three years ago, claims that failure to concentrate on "employability" in schools costs the UK £8bn (\$12.1bn) a

The group said earlier this year that if schools prepared children better for the world of work, annual savings would include £2bn in state benefits. 52bn from an increase in "national wealth", £3bn in the negation of costs arising from employees' poor numeracy and literacy, and filbn from the removal of productivity costs caused by the slow adjustment to work of

To bolster co-operation, Mrs Gillian Shephard, the education secretary, has announced that schoolchildren may be allowed to spend one day a week in business with the possibility

of a second day in further education. Employers now want to address how to expand the links they have made, and measure the benefits. Mrs Shephard's consultation document, released at the Secondary Heads Association conference, tackled these issues, and attempted to ensure that a wider range of companies is

The main proposals are to allow children aged 14 to 16 to spend a day each week in work experience, with

the possibility of an extra day studying at college.

Employers' organisations; the opposition Labour party; and Sir Ron Dearing, the government's chief curriculum adviser; seem certain to ensure that companies will be offered more opportunities to work with schools.

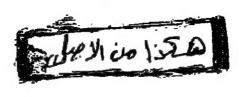
According to the department's statistics, most school links are with large companies employing 500 people or more.

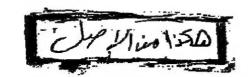
The department found that 82 per cent of schools staged talks by the business community, but only 36 per cent attempted more ambitious "minienterprises." and only 32 per cent

offered "work shadowing". Mrs Shephard's proposals would build on the introduction last year of part one 'general national vocational

qualifications, which would be taken in areas such as manufacturing. The Confederation of British Industry, the country's biggest employers' practice emphasising that involvement with schools should be assessed as rigorously as any other investment by the company, with clearly defined

organisation, has produced a code of objectives. It wants all its members to build such links by the year 2000, while all primary and secondary schools should establish a relationship with at least one business.





#### COMPANIES AND FINANCE

## BT and Cable and Wireless get disengaged

The telecoms giants go their separate ways now the merger is off, writes Alan Cane

value.

he telecoms merger of the decade may have evaporated, but for the two participants, it was business as usual yesterday.
British Telecommunications and Hongkong Telecom, the principal objective of its proposed merger with Cable and Wireless, have signed a deal through which the C&W subsidiary would distribute "Concert" services to multinational companies in vices to multinational companies in Hong Kong. Concert is BT's joint ven-ture with MCI of the US, and its chief

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international operation. The market, nevertheless, signalled its disappointment yesterday at the failure of the talks between BT and C&W, which would have created a global telecoms giant worth £34bn, sharply cutting the price of both shares. BT closed down 3.8 per cent or 13%p at 338%p, while C&W closed down 8.6 per cent or 45p at 524p. The talks, which have been going

through going on.

The difficulties included uncertainties about regulation in the UK, political approval in Hong Kong, where C&W has the majority stake in Hong-

kong Telecom, and a stand-off between subsidiaries of the two com-panies in Germany. While both sides are playing down the issue, there was also a clash of cultures between the two groups, one twice the size of the other, with uncomfortable questions about the roles the top executives would be expected to fulfil in the

doned on Thursday evening after the C&W board decided the potential rewards did not merit the risks

involved and opportunities missed

merged company.

Mr Rod Olsen, C&W acting chief

executive, said yesterday that although it had been a unique experi-ence and opportunity, little progress had been made in the talks in the past four weeks and there seemed little hope of more progress in the months

arket reaction reflected a perception that the failure of the talks was potentially more damaging to C&W than to BT. It has yet to appoint a permanent chief executive, although Mr Olsen said yesterday that he expected to make an announcement before the end of

Furthermore, analysts remain unconvinced that C&W's international collection of operators and allithere are suggestions that it should be broken up and the constituent parts sold off to improve shareholder

This argument cuts no ice with Mr Olsen, who says determinedly: "Cable and Wireless is not for sale." He insists that the collapse of the merger negotiations will have no effect on the group's ambitions to "pursue its stra-tegic objectives in its chosen markets free from the uncertainty of the past few months".

Mr Olsen said there would be no logic in selling Hongkong Telecom, which was the source of most of the group's profits and its bridgehead to China. He also rejected the idea that Mercury Communications could be up for sale, pointing out that it was the

operations. He said that Mr Peter Howell-Davies, the managing director, was implementing a strategy which was returning the company to health after a difficult period: "Mercury is no longer the sick child of the group". Mr Oisen said that the new chief executive, a male North American, would be announced shortly. Mr Olsen said he would not return to his previous post as chief financial officer but would act as deputy chief execu-

"It will take some years for the new man to understand a company as complicated as this," he said. Analysts agree that Mr Olsen, the last of C&W management's old bri-

gade, is the only man who knows all the company's secrets, dark and oth-

### FDA advisers' decision hits shares in SB

By Daniel Green

Shares in SmithKline Beecham, the UK's second biggest pharmaceuticals company, dropped 49%p to 662p yester-day after advisers to the US Food and Drug Administration voted against recommending approval of Coreg, one of its

heart drugs.

Analysts had forecast sales of the drug rising to between \$300m and \$400m (£265m) within five years of launch. At best, that launch will now be delayed by several months.

The drug, also known by its generic name carvedilol, is already on the market for high blood pressure, a highly com-

petitive market. SmithKline, with Boehringer Mannheim, its German partner, had been hoping to move Coreg into the less crowded market of the treatment of heart failure.

However, advisers to the FDA argued that several clinical trials, involving more than 1,600 heart failure patients, had produced results that were not

comparable with each other. For example, some trials mea-sured quality of life while oth-

ers measured the progression of the disease.

The panel of experts voted against recommending approval by four to two. The FDA usually follows its recom-

SmithKline believes that the product is still effective. It says it has submitted the results of more clinical trials which may persuade the FDA to approve the drug in spite of its advisers' opinion.

That has happened in the past. The FDA approved Smith-Kline's drug Kytril, for limiting the side-effects of cancer chemotherapy, against the panel's

If approved, Coreg would be used to treat "congestive heart failure", a condition in which the heart's ability to pump blood deteriorates. In the US congestive heart failure is the chief cause of 40,000 deaths each year, and a contributing factor in another 225,000.

#### China factor keeping HK Telecom in the spotlight H ongkong Telecom, the biggest and most profitable part of the C&W Big international players are Cable and Wireless **HK Telecom** being drawn to C&W's Asian Turnover (HKSbn) Operating profit (HKSbn) empire, is likely to stay in the

spotlight despite the collapse of the merger talks. The "China factor" and the stratezic drift now threatening C&W may fuel corporate manoeu-

vres around its Asian star. "C&W will now have to look at how to maximise shareholder value, and the answer may well be forging partnerships or spinning off assets," says Mr Andrew Harrington, regional telecoms analyst at Salomon Bros in

The big international players and some local groups are drawn to Hongkong Telecom by a range of factors which include the prospect of a strategic base in the Asia-Pacific region, a share of profits which totalled HK\$9.76bn (US\$1.26hn) in the year to end-March 1995, and by Telecom's international direct dial

star, writes John Ridding

One scenario touted in the investment banking community is the sale of a stake to a Chinese concern or to a Hong Kong company with mainland connections. This would follow the pattern of a significant restructuring in Hong Kong's aviation industry this week which saw Citic Pacific, a Beijing-backed investment group, take a big stake in Cathay Pacific, the UK-controlled airline and the territory's de facto flag carrier. Possible partners for Hongkong Telecom include China's Ministry of Post and Telecommunications and Citic

"A stake or a partnership could be attractive to a company like Hutchison Telecom," said one banker. referring to the telecoms arm of Mr Li Ka-shing's business empire. Ironically, the Hong Kong tycoon once held 5 per cent of C&W, selling out in 1990 apparently after failure to secure influence on the board.

The various options demand significant caveats. Many of the regulatory obstacles which undermined the merger plans with BT - such as the need for approval from Hong Kong and Pacific, which already holds 10 Beijing - would hold for any per cent of the operator. Some analysts also cite the three A parallel with the aviation new Hong Kong operators

sector is not straightforward. "British control is an irritant ahead of the transfer of

Rod Olsen Acting chief executive

May 1985

sovereignty, but unlike aviation there are no mainland

Reasons for the high price include the prospect, according to Mr Harrington's forecasts, of average profits growth of about 15 per cent per annum over the next five years. The operator's international monopoly on 2006, was confirmed in a operator's position.

Gibbons, telecoms analyst at government review last month. Yesterday, Hongkong Telecom's shares fell 2.3 per cent, reflecting some concerns about the collapse of the merger. Analysts played down the decline, however, pointing to a sharp fall in the market overall, and to the scope for direct dial calls, due to last to further deals to support the

#### Glaxo defends Zantac patent 1991 92 93 94 95 By Daniel Green notoriously litigious drugs

Glazo Wellcome, the UK's largest drugs company, may have successfully deflected attempts to reduce the US patent life of its ulcer drug Zantac, the world's best-selling medicine, thanks to a decision by the US Senate Judiciary Committee.

The committee said manufacturers of off-patent drugs should challenge the patent lives in court.

Novopharm, a Canadian manufacturer of such generic drugs, said yesterday that court action would take so long that patents would expire before the court action was

The fight over patents in the

industry arose as a side-effect of the provisions of the Gatt free trade agreement adopted last year.

That agreement amended the rules on how a patent life is calculated.

The new rules say pharma ceuticals should have patent protection for 20 years from the filing of a patent application rather than 17 years from its approval.

Many drugs were not affected, but the lifespan of the older of the two patents protecting Zantac was extended from December 1995 to July

The extra 18 months is worth more than \$1bn (£600m) to

### Abbey National to pay £121m for Wagon Finance

which received licences last

By George Graham,

financing group, from United News & Media for £121m. fifth in the UK used car financing market with about 150,000 customers and a loan book of £350m, will boost Abbey's drive into consumer finance.

It will retain the Wagon name, but will operate as a subsidiary of First National Finance Corporation, the consumer credit group Abbey bought last year for £285m. Loans on used cars generally offer much fatter margins than

tionships with about 5,000 car Wagon, which ranks about dealerships, most of them small and family-run. Wagon, which was owned by the MAI media and financial

group, was put up for sale when MAI merged with United Abbey will pay £108m in cash for Wagon, which recorded pre-tax profits of £12.8m in the year to June 30, 1996. In addition, £18m of sub-

Abbey National is to buy Wagon Finance, the used car financing group, from United News & Media for a finance and finance and of the market is because the market is because the market is because of the market is because t entry to a growing market".

Mr Ingram said: "The used car finance market is growing

> ordinated debt owed to United - are all subsidiaries of mainwill be refinanced on comple-

at approximately double the rate of the new car market. Growth in car finance business is expected to remain strong, given the decline of the company car and the increase in the number of cars per family." The four leading competitors in the used car finance market Chartered Trust, Lloyds
 Bowmaker, Lombard and NWS

of the department store. 50 per cent of Elys shares in that it does not already

#### Telegraph chief **Panther** stalks Elys'

Mr Andrew Perloff, chairman of Panther Securities, the property investment company bidding for Klys (Wimbledon), has written to Elys shareholders warning of a possible con-flict of interest between the trustees, who are the directors, and the beneficiaries.

trustees

players banging on the door," says one industry executive. A slice of Hongkong Telecom

would cost a lot more than a

stake in Cathay Pacific. "You

would need 10 per cent just to

get noticed at the board level

and that would cost about US\$3bn," says Mr David

"We believe that the experiences of the Mirror Group Pension Fund and the Barings Foundation have shown the risks of pension funds and trusts holding all their eggs in one basket," he wrote. He has also asked the Char-ity Commissioners to investi-

gate the actions of the trustees, who control 39.17 per cent On Wednesday Mr John Moyle, chairman of Elys, rec-ommended that shareholders ignore Panther's revised offer and said the trustees also believed it to be "inadequate". Yesterday, Panther had received acceptances representing 50.47 per cent of the issued share capital. Under the City Code, the two-tier bid is deemed partial and cannot become wholly unconditional until Panther has more than

have. It owns 30 per cent.

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## goes to Utd News

1991 92 93 94 95

By Raymond Snoddy

United News & Media, the newspaper and television com-pany, yesterday appointed Mr Stephen Grabiner as executive director of all its newspapers and advertising periodicals. Mr Grabiner, 37, has worked

at The Telegraph for 10 years and been managing director since 1994. The appointment is a clear indication that the new group

- created by the merger of United, publisher of the Daily and Sunday Express, with MAI, the television and financial services group - is serious about trying to revive Express Newspapers. Both the daily and the Sunday Express have been losing circulation for many years. "We are going to give Associ-

ated a run for its money," Mr Grabiner said yesterday. Associated, publisher of the Daily Mail and Mail on Sunday, has long since overtaken the circulation of both the Daily and the Sunday Express.

Mr Grabiner, who used to be a consultant with Coopers &

Lybrand, said he would now look at every part of United's newspaper operation with the aim of "freeing up resources" to put them where they were most needed - in editorial and Lord Hollick, chief executive

of United, said: "Stephen's appointment as chief executive of our newspaper division strengthen its newspaper and periodical businesse

Apart from national newspapers, Mr Grabiner will be in charge of United Provincial Newspapers, which includes the Yorkshire Post and Link House Publications, publishers of periodicals including Exchange and Mart and Dalton's Weekly. Mr Andrew Cameron, executive director national newspapers, is to leave the group after 23 years. At The Telegraph, Mr Grabi-

ner is to be succeeded by Mr Jeremy Deedes, managing edi-tor of the Daily Telegraph and son of Lord Deedes, the former

Telegraph also The announced that it had decided to form a single media company responsible for the sale of all advertising in its titles. Mr Len Sanderson, deputy managing director of The Telegraph will become managing director of the new company.

### **Sports investment** ment to revitalise and strengthen its newspaper and

For Mr Michael Goldman, the enduring challenge of how best to match business and pleasure has found its perfect outlet in the Momentum Premier Sports fund, the world's first international sports investment fund.

Launched this week, it attempts to capitalise on the increasing commercialisation of sport, fuelled in recent years by the exponential revenue growth allowed by expanding television coverage, and the growing professionalism in

It will invest in listed companies focused in three areas: sports groups and amenities. apparel and equipment manufacture. Initial holdings will include companies like Manchester United in the UK, and Nike and Callaway Golf in the

Mr Goldman, managing director of the Momentum Group, believes the fund focuses on an exceptionally promising growth sector, while capitalising on the fact that many investors know a great deal about sport and sports

"My concierge can understand the corporate structure of Manchester United in the same way an analyst would know about Glaxo."

The fund is registered in Luxembourg, with plans to create an investment vehicle, such as a unit trust, which is directly marketable in the UK. The minimum investment in the fund is \$25,000, but the UK vehicle would have greater appeal to smaller investors.

It will be managed by the Momentum group which runs 17 funds, with about \$200m (£132m) under management.

## Virgin to become biggest operator of multiplexes

By Raymond Snoddy

Virgin Cinemas is planning an expansion which will involve building 18 multiplex cinemas in the next four years. The plan will double the

number of large, modern, mul-

ti-screen cinemas to 37, and

make Virgin the biggest opera-tor of multiplexes in the coun-Mr Richard Branson, chairman of the Virgin Group, is funding the development by selling most of the traditional high street cinemas bought as part of the £190m acquisition of cinemas in the UK. This week the MGM chain in July last the Cinema Advertising Asso-

ABC Cinemas, a company run by Mr Barry Jenkins, MGM's former managing director, has signed a contract to buy 90 of the High Street cinemas for a total of 268m. The money will be used for the

The deal will enable us to considerably speed up our expansion plans," Mr Branson said. The Virgin chairman says he has become more excited about future opportunities for

shell public companies.

Yesterday, Mr Johnson said

Brightstone shareholders were

faced with a "conceptual

choice" between a still-small

property company and a com-

plete change of tack. However,

he was not interested in

becoming embroiled in a "messy fight" for control of

Brightstone and would "with-draw gracefully" in the abs-ence of shareholder support.

Mr Colin Walker-Robson,

CNC finance director, was con-

fident its bid would succeed.

He said CNC, advised by But-

terfield Securities, had received irrevocable undertak-

ings from 14.4 per cent of Brightstone's shareholders and

had letters of support from an

additional 29.3 per cent. He said the latter included PDFM,

the fund manager, which holds

a 25 per cent stake in Bright-

stone. PDFM declined to com-

the Cinema Advertising Asso-ciation said that cinema admissions, at 36.5m, in the first quarter of this year were the highest since 1975.

Virgin is keeping five traditional cinemas in London - in Chelsea, Fulham Road, Ealing, Hammersmith and Haymarket. Four Virgin multiplexes are already under construction at Rochester, Wigan, Aberdeen and Newport. Negotiations are under way on the remaining 14. Virgin recently opened a multiplex in Dublin.

#### Oxford Molecular nets £50m

ture capitalists and some directors agreed not to sell any shares for two years, a period which lansed last week. Out of 57m shares in issue, 30m emerged from the lock-up period last week. It said the

The group, which last week announced 1995 increased pretax losses to £3.69m, raised £16.2m in a 1-for-7 rights issue earlier this year.

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#### join Brightstone chairman, specialises in revers-By Greg McIvor ing private companies into

Brightstone Properties, the property management and investment company targeted by a £8.68m hostile bid from Clarke Nickolls & Coombs, said yesterday it planned to appoint entrepreneur investors Mr Luke Johnson and Mr Matthew Allen to its board.

Mr Brent Pollard, Brightstone chief executive, said the two men and Mr Hugh Osmond, a fellow director of Mr Johnson at PizzaExpress, would inject about £3m into the company. Initially they will subscribe for 300,000 new shares and then have rights to a further 2.65m new shares. Their ultimate holding will be less than 10 per cent.

by Singer and Friedlander, would sell its £10.4m property portfolio and seek a substantial reverse takeover outside the

He said Brightstone, advised

Mr Johnson, PizzaExpress

## Entrepreneurs to

By Motoko Rich

Oxford Molecular, which develops software for drugs research, has placed 15m shares with institutions, raising £50m for its original venture capital investors. Mr Derek Marsh, finance director, said the company. which was formed out of a unit of Oxford University, was sup-ported by venture capitalists in its first five years prior to flo-

At the time of the float, venplacing was more than two times oversubscribed.

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## Pearson warns it will face £46m loss from Mindscape

By Raymond Snoddy

Pearson, the information. publishing and entertainment group, yesterday warned that Mindscape, its US software publishing company, would show losses of £46m this year.

Lord Blakenham, chairman and chief executive, told Pearson's annual meeting that many of its businesses had begun the year well "with one important exception": that was Mindscape, formally Software Toolworks. Bought in 1994 for 2330m, it had an operating loss of £6.7m last year.

The group's shares dropped by 18p to 677p as analysts reduced their pre-tax profit forecasts for 1996. Mr Anthony de Larrinaga, at Panmure Gordon, said he was reducing his owns the Financial Times, by £37m to £245m. Pearson plans a complete

reorganisation of Mindscape. which will focus on a narrower range of longer-life products. These, Lord Blakenham promised, would be more effectively distributed and marketed.

"The actions we are taking as a result of the review are likely to result in 1996 in losses of approximately £46m at Mindscape of which £30m are non-recurring charges," he said. Part of the cost would come from moving to a more conservative accounting regime for writing off development costs: only about £8m would affect this year's cash

During the meeting, the

forecast for Pearson, which board was challenged by a sible for making that decision small shareholder, Mr Simon Israel, who said he had warned at a previous AGM that Pearson had spent the proceeds of the "brilliant" investment in British Sky Broadcasting on "a second class outfit".

Mr Israel suggested that Pearson's boardroom was "a very special place where one can make mistakes but no colleague is ill-mannered enough to criticise and no-one gets

Lord Blakenham said it

would be wrong to say that

hard-hitting discussions did

not take place, but there was no need to be ill-mannered. Mr Israel argued that someone in Pearson had made a mistake on Mindscape. "Why has the person responnot done the decent thing that is applicable to every other company - that if you make a mistake of that proportion you resign?" Pearson directors said that with hindsight there had been too many products not of high enough quality.

Mr Frank Barlow, group managing director, said: "We think we will restore this business [Mindscape] to health." To coincide with the annual

meeting, the National Union of Journalists branch at the FT issued a statement drawing shareholders' attention to their "grave concern" that current cost cuts at the newspaper would "impair its future and squander the value of a brand that has been built up over many years".



#### Power behind the golden shares Grid sheds light on stake sale

By Roula Khalaf and Samer

National Grid yesterday shed some light on the mystery surrounding the recent sale of 210m of its shares to HSBC James Capel, and the involvement of Saudi billionaire Suliman S Olayan in the transac-

On Tuesday HSBC James Capel paid Hanson, the industrial conglomerate, £405m for 210m shares of National Grid, or 12.5 per cent of the com-pany then hedged its risk by entering into a derivatives contract with a subsidiary of the Athens-based Olayan Group, run by the Saudi finan-cier. The transaction fuelled speculation about the ultimate owner of the shares.

National Grid said yesterday the Olayan Group had in effect underwritten James Capel's purchase of the shares. In return the stockbroker, which is the legal owner of the stake. entered into an off balancesheet derivatives transaction, whereby it shares with Olayan the gains as well as the losses of the portfolio.

Although the Olayan Group officially owns no shares in National Grid, it has in the past few months accumulated an interest in 2.7m shares of National Grid shares, through other derivative transactions. This leaves Olayan's total exposure at more than 12 per cent. The government holds a golden share" in National Grid, which allows it to stop any investor from owning

more than 15 per cent. After meeting with senior executives of the Olayan Group and HSBC, National Grid said yesterday it weicomed the group's decision to increase its exposure to the

company. "The Olayan Group gave us a detailed history of its global activities and its previous investments in the company." National Grid said.

"It highlighted the longterm nature of its investment philosophy and explained to us that as a result of the structured transaction with HSBC James Capel the Olayan Group has acquired an economic exposure to the performance

**Simon Holberton** analyses the conflict of new found ment told potential bidders for National Power economic nationalism and a desire for competition and PowerGen, the two main

electricity generators in England and Wales, to back In the City, however, its reputation took another knock for

a further example of policymaking on the hoof. r The Department of Trade

and Industry, which has bureaucratic oversight for the UK's electricity industry, did not threaten potential bidders for the generators with a referral to the Monopolies and Mergers Commission. This is the usual way in

which it seeks to forestall, or stop bids it disapproves of. But perhaps a referral was not a credible option, following the decision 10 days ago by Mr Ian Lang, trade secretary, not to accept MMC advice on National Power's agreed bid for Southern Electric and PowerGen's agreed bid for Midlands Electric. Instead, it invoked its rights

as a "special" shareholder in the two electricity generators. These "golden shares" allow the government to block any change in ownership. There are two types of golden share. The first is without time limit and applies to nationalism has dismayed eleccompanies where a takeover would be unwelcome on the grounds of "national security".

Pifteen of the 17 golden shares are unlimited and six apply to the electricity industry. The second category of golden share remains in force for a defined time. It is deemed necessary to allow management time to adjust to life in

the private sector, free from the worries of a hostile takeover bid. The provisions may be varied. The government allowed British Petroleum to acquire Britoil in 1990. although a non-time limited special share was in force. BP is, of course, a British company, and the DTI's statement this week about the pro-

visions of its National Power and PowerGen special shares that no one could own more than 15 per cent of either without approval - appeared aimed at foreigners. Southern Company, of the US, last week signalled its interest in acquiring National Power and said it had £8bn to fund an acquisition. This new found economic

tricity industry analysts. They charge that it contradicts pre-

Mr Nick Pink, of SBC Warburg, points out it was the government that last year tried to

The UK government still holds golden shares in: Cable and Wireless; Sealink Stena Line; British Telecommunications; British Aerospace; VSEL Consortium; British Gas; Rolls-Royce; BAA; National Grid; National Power: PowerGen: Scottish Power: Scottish Hydro Electric; British Technology

Group: Northern Ireland Elec-

tricity; Belfast International

sell British Energy, the soon to be privatised nuclear power enerator, to Duke Power of

the US The new policy appears, however, to be designed to achieve more competition, while at the same time seeking to ring-fence the main generators from the attentions of foreigners. These aims may be

Golden shares are retained in respect of Northern Ireland Electricity, Scottish-Hydro Electricity, ScottishPower, National Grid Company, as well as National Power and PowerGen.

But the government is already facing problems. This week Hanson, the Anglo-American conglomerate, sold its 12.5 per cent interest in the National Grid. which operates the high voltage transmission system and the wholesale market where electricity is traded. to HSBC James Capel. The stockbroker subsequently hedged the stake through a derivatives contract with the Olayan Group, a Saudi-controlled investment company.

Moreover, as Mr Pink points out, the DTI's claim that it wants more competition in generation might receive an uncomfortable test in the near future if a foreigner decides to test the policy. "It has rested its policy on competition and said there is not enough." he said. "It risks being severely

#### **NEWS DIGEST**

### Rugby and Costain warnings

Shares of UK construction and building materials companies fell sharply yesterday following a series of profit warnings

from companies in both sectors. Shares in Costain, the construction and mining group, fell by 10p to 89p after the company said that losses in 1995 were likely to be greater than current brokers' forecasts.

The share price of Rugby Group, Britain's third largest cement manufacturer, also dipped by 31/2p to 122p following a warning by the company that pre-tax profit in the first six months of this year would be "well down" on the corresponding period last year because of severe weather in Europe and

Shares in Camas, the quarry group, fell by 3p to 87p after it said demand in the UK and US had been weak in the first

#### Adscene shares tumble 32p

Shares in Adscene slipped 32p to 263p yesterday after the Canterbury-based publisher said pre-tax profits for the year to May 31 would not meet market expectations.

It said that although they would be ahead of last year's £4.6m profits for 1995-96 would not meet current expectations of £6.3m. Mr David O'Brien, analyst at Beeson Gregory, the house broker, has downgraded his forecast to £5m. The company said slower than expected economic growth

and consumer sales, the disruptive effect of snow in the Midlands and a newsprint price rise, had combined to make January and February particularly difficult.

#### Geest pulls out of Necta

Geest is selling the Necta prepared pineapple business to Pacific Asia Technologies, its partner in developing the Necta technology, for up to \$6.7m (£4.43m).

The company said it was a perfect solution to solve a problem which led Geest to make an exceptional charge of 23.5m in last year's accounts. It is not thought any further charges will be needed.

Geest, the fresh foods company, will receive \$1.45m cash, a convertible debenture worth \$2.25m and a deferred sales related payment of up to \$3m. The company said the cash consideration covered the £1m net asset value of Necta and was treating the balance as a bonus if and when it received any further amounts.

It added that the Necta factory in Costa Rica had not been working to capacity as it had been built on the basis of test marketing in Scotland. However sales in the rest of the UK had not met expectations.

The solution would have been to sell into the US but Geest was wanting to concentrate on Europe. Pacific Asia, based in Vancouver, was better placed to expand sales. Geest retains distribution rights for Europe.

The debenture is part of a placing of \$12.3m by Pacific Asia.

#### **CA Coutts placing on Aim**

Mr Norman Essex, 74, chairman of CA Coutts Holdings, a producer of in-store displays and point-of-sale material, is set to make £945,000 when his company joins the Alternative Investment Market via a placing of 3m ordinary shares at 105p

The placing, sponsored by Beeson Gregory, will raise £3.17m gross, with £1.275m going to the company. Mr Essex will be selling about 900,000 of his holding of 3.08m shares. Trading is expected to start next Thursday.

#### Roval Bank sale raises £19m

Royal Bank of Scotland has sold its remaining 9.9 per cent stake in Charterhouse to Charterhouse European Holding for

Charterhouse Holding is a joint venture company equally owned by Credit Commercial de France and BHF-Bank. The deal was carried out in accordance with the provisions of a put option granted to Royal Bank at the time of the sale of its 90.1 per cent stake in Charterhouse in 1993.

#### Wassall in £11.5m disposals

Wassall has completed the £11.5m cash disposal of four companies from its industrial and commercial division to Omnipack, a company whose finance has been arranged by ECI Ventures. The consideration included the sale of three group proper-ties occupied by the companies - MCG Rosslite, Gilchrist Brothers, MCG Graphics and MCG Containers & Closures. For 1995, their total operating profits were £1.8m and at the year-end net assets were £4.5m including the properties. The proceeds will be used to reduce borrowings.

#### Nestor-BNA to sell division

Nestor-BNA is selling its specialist personnel companies to their managements for £7.9m.

The disposal of Hewitson-Walker and Scott-Grant is in line with the strategy of focusing on fewer business areas, particularly financial and management resources.

Hewitson-Walker is being sold for £6m cash to a new company owned by management and 3i Group. Scott-Grant's management is paying £530,000 on completion with the balance of £1.37m satisfied by the issue of a secured loan note. The group said that after the disposals, borrowings of £4.7m would turn to a cash surplus of £1.8m.

#### National Home Loans buy

National Home Loans, the centralised mortgage lender, has acquired RCR Contract Hire and Leasing, the Coventry-based vehicle contract hire and leasing company, for £7.5m cash from NHL's own resources.
In 1995, RCR made pre-tax profits of £1.5m on turnover of £7.7m and at December 31 had net assets of £927.000.

#### Inchcape Swiss retrenchment

Inchcape, the international distribution group, is pulling out of motor activities in Switzerland by selling its Daihatsi franchise to Zurich-based Emil Frey for up to SFr7m (£3.8m), including a goodwill element.

The group will close its Swiss import centre in the second nalf of this year. Its Daewoo import and distribution business will be replaced by a wholly owned subsidiary of the South

Incheape retains insurance operations in the country.

#### CIS turns in 10% surplus rise Higher investment income helped the Co-operative Insurance

Society to a 10 per cent rise in its surplus last year, despite falling sales of life assurance and pension policies. Sales of both regular and single premium policies fell 9 per cent to £101.8m and £83.7m respectively.

Premium income also slipped across the range of CIS nonlife business, by 16 per cent to £440m.

Mr David Wise, chairman, told the annual meeting that sales figures had been depressed by the amount of time sales staff had spent both on the society's reorganisation and on studying to meet the training and competence standards set by financial regulators.

CIS also announced that Mr David Holias, one of its three deputy chief general managers, will succeed Mr Alan Sneddon as chief general manager in March next year.

RESULTS

Mr Paul Spencer - like Mr								-		- Dividends -		
Gamble - is a finance special-		Tump	er (km)	Pro Profit	(Em)	P1	(p)	Current (p)	Date of payment	Corresponding dividend	Total for year	Total last
ist and recent recruit to Royal.  A former Hanson treasurer, he	Middlesex Holdings Yr to Dec 31	39.2	(21.7 )	5.19	(3.19 )	0.61†	(0.44 )	0.077	July 5	0.05	0.077	0.05
will be group director for									_			

SUN ALLIANCE/ROYAL INSURANCE MERGER

## Rivals fearful of further industry consolidation

Banking Editor

A consolidation of the composite insurance industry has been expected for some time, but the proposed Royal Insurance-Sun Alliance merger nonetheless but the two companies' rivals on the defensive

By changing the pecking order of the industry, the merger would further weaken the position of companies that

mented industry. The focus was immediately on Guardian Royal Exchange, which is regarded as vulnerable because it has the smallest life operation of the five large composites, and has lost ground because of the merger. Mr Brian Shea, an analyst at Salomon Brothers, said a merger would "change the whole equation for a lot of peo-

are seen as vulnerable, attracting more interest from outside ple," and could lead to further with another's strengths. Anathe viability of Norwich consolidation. He said that cost lysts said one of the attractions the viability of Norwich competition for smaller mutual savings would give the merged group an advantage.

The consolidation of composite insurance would match a process that has been underway in other financial services sectors, including banking and investment banking, which are also afflicted by over-capacity. The fit between Royal and Sun Alliance could prompt others to seek mergers that match

one company's weaknesses

which each complemented the

One possible match could be General Accident and Guardian. General Accident is not as strong in Europe as Guardian, but is more powerful in the US. Guardian's weakness in the UK is also matched by strength on the part of General Acci-

Other analysts questioned

of Merrill Lynch suggested Norwich would be "surrounded

by predators" if it proceeded with a flotation as it was now. However, Mr Bird said he did not see the competitive forces in the industry slackening due to the merger, 'I don't think that average prices will be higher in 12 months' time. It is simply not big enough for

life companies. Which the larger companies have been in the process of buying to increase their scale. Sun Alliance was one of the

keenest predators of smaller firms.

However, Mr Shea said there would still be about 10 large companies seeking to absorb small ones, so competition for them had not lessened signifi-

"Staff will pay the price as

Mr Michael Meacher, Labour

spokesman for employment.

said the staff had been

Employees leaving the Sun

Alliance's City beadquarters

yesterday, however, revealed a

feeling of Inevitability. One

human resources manager

said: "We knew that this was

coming. In time I think it will

be seen as a positive thing

because it puts us in a good position with the industry."

Mr McAleer reckoned that

recent restructuring had seen

staff numbers cut by 2,000.

Part of that process had

involved the outsourcing of

'treated like chattels".

and goes for greater profits."

## Little threat to cheaper premiums

By Roger Taylor and George Graham

The merger announced yesterday by Royal Insurance and Sun Alliance may be the start of a wider consolidation in the insurance industry, but it is not expected to stop consumers from continuing to enjoy cheaper premiums.

We do not think that this will put a floor under insurance premiums. There are still a very large number of new direct writing operations and well established traditional composite insurers who are battling for market share." director of AA Insurance. Motor and household insur-

ance premiums have fallen over recent years as low cost insurers selling over the telephone, such as Direct Line, have eaten into the market. AA Insurance's surveys show that motor premiums have started to flatten out, but

The two men who will head Royal Sun Alliance could

scarcely be more different in

background or outlook, writes

set up a joint venture with Jar-

dine Matheson - and took over

Mr Richard Gamble, who

will become group chief execu-

tive, only joined Royal Insur-

as chief executive in 1994.

George Graham.

How they compare

Share price relative to the FT-SE-A Insurance Index 60 L 1992

are still 5 per cent lower than a ear ago. Household insurance is still coming down in price. with rates for buildings insurance down 9 per cent over the last year. Although several insurers have talked of raising prices, few have yet done so. Customers of Royal and Sun Alliance will notice very little

involvement in insurance as a

director of two Lloyd's broker-

ages. His expertise, however,

was in finance, and he spent

management board, would be

responsible for strategy, while the 56-year-old Mr Gamble

would take charge of the

group's day-to-day manage-

the two companies. Both will continue trading under their own names as separate parts of the joint company Royal Sun Alliance, There are no plans to alter the products and services offered by either company.

Mr Roy Randall, head of group corporate relations at Royal, said: "It will be business change following the merger of as usual. Customers will con-

restrained Mr Taylor, Mr Gam-

ble is described as "quite a

jolly character". Despite this,

Mr Gamble does not shrink

from tough measures. The

ether into one team once the

with Sun Alliance". People with car, house and other general insurance policies with either company will notice no change when their policies come up for renewal.

The intention is to keep the branding and terms of such

tinue to deal with Royal or

policies unchanged. The two life businesses will also be kept separate. There are no plans to merge the withprofits life funds or any of the other insurance funds and unit trusts. But the investment management divisions of each company will be brought tog-

merger is completed in August. Unlike some mergers involving mutual insurers, there will be no bonus payment to policyolders. Any benefits to them will come in the form of lower premiums or enhanced returns on investments as a result of the cost savings from the merger - targeted at £175m a

### Employees greet merger with stunned relief'

There was a distinct air of "better the devil you know" among insurance workers after yesterday's merger was

After years of reorganisation and weeks of intense takeover speculation, resignation was as evident as worry. Mr Ken McAleer,general sec-

retary of Sun Alliance's staff union which has some 5,000 members, said: "People are both stunned and pleased. If that sounds strange it's because....there are worse predators in the world. There's a sort of relief in that it's another traditional insurance

Employees at the two grou shared a similar age profile, he sald, with a "good spread" of the over-50s. The "worse predators" included non-financial or foreign groups.

general secretary at finance union Bifu, which represents 800 Sun Alliance workers, was much less sanguine. He said months of uncertainty would dent morale badly. "We don't even know which centres are going to close," he said. "All they've looked after is the

Mr Alan Piper, assistant merged with the group 12 years ago and is now considering early retirement. "This

bloody shareholders.

many non-insurance services. In July the post-room management will be contracted out. Mr Edward Kearns, a 59year-old post-room employee, worked for Phoenix when it

> place is always changing," he Mr McAleer was philosophical. "From where I sit I think there might be a period of peace and calm. But who knows? In this industry everything is still up in the air."

#### most of his career in this Mr Roger Taylor, who is 54 reputation he has won at will join Mr Taylor and Mr role with companies such as Royal has come from imposing and will become executive deptight financial reporting Northern Telecom, McDonnell uty chairman, is a lifelong insurer who joined Sun Alli-Douglas and British Airsystems and much stricter standards for underwriting ance at the age of 17. He has Company officials said Mr new business. worked for the company ever "It is basically Gamble that Taylor, as deputy executive since - except for a five-year chairman and chairman of the secondment to Hong Kong to

Contrasting backgrounds at the top

has to do the hatchet job," said one insurance analyst. The new board will be chaired by Sun's Sir Christopher Benson, with Royal's Mr Allan Gormly as non-executive vice-chairman. But both boards

agreed that the merged com-

executive chairman from outside the group as soon as possi-

Only two other executives

Gamble on the merged board. Mr Arthur Hayes - like Mr Taylor - is a lifelong Sun Alliance employee who started in the group's investment department in 1962. He will become group executive director in charge of asset management. Mr Paul Spencer - like Mr Gamble - is a finance special ist and recent recruit to Royal



n the aftermath of Thur opinion which obliterated the Tory powerbase in UK local government, the prime minister yesterday claimed he had spotted a safe harbour ahead.

"We lost many good Conservative councillors who have served their communities well," Mr John Major acknowledged. But he would "win the next general election".

These may at first glance appear to be the ravings of a desperate mariner, who has een at sea for so long that he cannot tell the difference between a looming iceberg and dry land.

The scale of the Tories' defeat was monumental. They had 1,092 councillors up for re-election in 150 English local authorities. Considerably less than half survived. Labour gained more than 450 new councillors and the Liberal Democrats around 150.

This should not be viewed as a one-off protest vote. In the local elections the previous year, involving a significantly greater number of local authorities, the Tories were relegated to the position of third force in British local gov-

Labour now controls around half the 23,500 council seats in Great Britain, while the Liberal Democrats have several Politics · Robert Peston

### Brave face on disaster

Tories did badly in the UK local elections, but not as badly as they feared

of any town halls - although their ability to run Runny-mede council in traditionally Tory Surrey now depends on the casting vote of the mayor. But it was pretty cold com-

fort, since after the previous year's rout, there are only 14 local authorities coloured blue on the electoral map. Most of the UK is now a bright shade of red, interspersed with patches of Liberal Democrat orange in the south-west and the north of England. Yet Mr Major disported him-

self in a television and radio blitz for all the world as though he had just masterminded a great triumph. Partly this was play-acting

to comfort Tory activists. But it was also a reflection of a genuine sense of relief because it could all have been so much worse.

Even by the unedifying standards of the past few years, In 1995, the Tories won an esti-

hundred more councillors than the Tories.

There was perhaps a crumb of comfort for the Tories in that they did not lose control that their government has been something of a shambles over the past few weeks. Tory MPs have continued to squabble in public over policy on Europe and have been voluble in their criticism of ministers handling of the beef crisis.

Inevitably, there has been much talk among the more excitable elements in the party that this was the last and best moment to unsent Mr Major. He was therefore aware that he might have lost his Downing Street tenure if the local results had been utterly calamitous. It was significant, therefore,

that even Tories with a deepseated loathing of Mr Major who are predominantly Euro-sceptic - resisted the tempta-tion yesterday to call for his head. The headline in the London Evening Standard summed up the reason: "Phew! It's only a disaster".

There was just the faintest of signs that the Conservatives may have turned the corner.

Harlow, Gloucester, East-bourne, St Alban's, Welwyn Hatfield, among others. These successes will under-pin the general election cam-pairs, since leave approximations. mated 25 per cent of the vote, compared with 47 per cent for Labour and 23 per cent for the Liberal Democrats, Although the comparable figures for

paign, since local councillors

can provide invaluable support to sitting MPs and candidates.

The Tories are therefore at a

a big long-term problem if you have no councillors," a minister conceded. "Apart from any-

thing else, anyone involved in

local decisions has a far

greater understanding of the day-to-day dilemmas faced by

a government and helps to

modest success in galvanising its activists over the past year.

In Hereford for example, where there is no longer a sin-gle Tory councillor, the local

party chairman, Mr Nigel Davies, remains confident the

The Tory party has had

spread that understanding.

Local government strength is also one of the best indica-tors of the fundamental health of a party, since councillors often graduate into MPs. It is

significant disadvantage.

per cent, with Labour dropping to about 44 per cent. Labour was not devastated by the trend. "If that was repeated in a general election, we would have a majority of between 150 and 200," commented one of its psephol-

Thursday are disputed by the parties, there is agreement that the Tories made modest

progress to perhaps 27 or 28

Yesterday. Mr John Prescott, Labour's deputy leader, claimed that the party's strat-egy of concentrating its efforts on "key seats", the marginal constituencies it needs to win in a general election, had paid off in spades.

The party needs for example to make progress in southern new towns, coastal resorts and Middle England counties. Mr Prescott was therefore delighted at Labour gains in Basildon, Bedford, Cambridge,

However, he and his ilk will consigned to oblivion in the absence of greater single mindedness at the top of the party. Mr Major has so often in the past appeared the victim rather than the master of events, that yesterday's show of resolution cannot be guaranteed to last.

There are also powerful forces continuing to work against any government rein-vigoration. The beef crisis for example is occupying so much of cabinet ministers' time that development of new policies has been squeezed out.

Eurosceptic Tories are also stepping up their offensive to persuade Mr Major to adopt a more anti-EU approach, defying his call for unity. This week two separate groups of sceptics - one led by Mr John Redwood, who challenged Mr Major for the leadership last summer - are laying out afternative agendas for the govern-

But as Mr Major made clear yesterday, almost a full year remains before the general election. "It will be on May 1," a minister confided.

Pew Tories will dispute pri-vately that prospects of win-ning are remote. However, many expected a total collapse in their vote on Thursday. "It feels good to be alive," one minister muttered, with a



Philip Stephens

## A party holding These are strange times in Normal, Illinois. office but no longer in power



just another small signpost on the road to successful

coalition in British politics. This has been the Conservative century. The party has been in government for 65 of its 95 years. But as the millennium approaches. Conservatism stands precariously at the

edge of the precipice. It matters that the party has now been all but extinguished in "local government, that towns and cities such as Oxford, Slough, Stevenage or boast à single Tory councillor. But the elimination of Conservatism from the town halls is just reward for the government's wanton destruction of local democracy.

There is also something curious happening when a government can poll less than 30 per cent in a national election and then claim evidence of a political recovery. At this point before the last general election, the Conservatives and Labour were neck and neck. Now Tony Blair has a lead of

16 or 17 points. True, much of the enthusiasm for Labour which is so visible in the opinion polls melts away at real elections. But there are more powerful forces at work here than the contempt in which the voters hold John Major's government. One must always allow for the impossible in politics. But the odds now must be that we are witnessing the historic break-up of the modern Con-

servative party.
If that is the case, it matters little whether John Major goes or stays. As he watches reason elbowed aside by ideological warfare, loyalty displaced by factionalism, it must be tempt-ing for the prime minister simply to walk away. My view is that he will not and that, even in its present madness, the party will not displace a leader who is consistently more popular than the government over which he presides.
Michael Heselthie, the dep-

uty prime minister, never admits defeat. So I suspect that he still wakes sometimes with the dream that he might yet make it over the threshold of 10 Downing Street. But he is not stupid. As he rubs the sleep from his eyes I am sure he realises there would be nothing left worth inheriting. For all his well-rehearsed faults, Mr Major is more symptom than cause of the Conservative malaise.

Nor in this context is the outcome of the general elec-tion of great importance. There are some senior ministers who remain reluctant yet to scour the appointments pages in search of fresh employment. And indeed one can imagine circumstances, just, in which Mr Major might yet win. But day-by-day it becomes harder to see the

speeches by Mr Heseltine and longer in power.

elections were secretary. Mr Heseltine offered sideshow, a rational, market-driven, response to the uncertainties which come with global competition and rapid technologithe fracturing cal change. The only security of the most on offer, he concluded, is the security that comes with having an edge, with being better

> than the rest. For his part, Mr Rifkind drew the line that Britain might yet walk between the integrationist ambitions of some of its continental partners and the "childish xenophobia" of the Europhobes.

But the gulf between such same reflection and the atavistic instincts of the Conservative party in parliament grows neth Clarke, chancellor with more serious enemies on the Tory than on the Labour backbenches, need only hint that a single European currency might succeed to invite cascades of abuse from his own side.

If historians are thorough in

their search for turning points, they will look beyond the desertion of the government by Essex man and woman in the local elections. They will study instead the recordings of the proceedings of the House of Commons. There, in this week's extraordinary outbursts from Tory MPs against the ban on exports of British beef, the historians will see for themselves the visceral loathing of Europe which is corrupting Conservative patriotism into bitter nationalism. For a large section of the Tory party, Brus-sels has become the universal scapegoat, an enemy to fill the vacuum left by the collapse of

the Soviet bloc. There are deep roots to this impotent rage. In its heart, Conservatism has never really recovered from the retreat from Suez in 1956. It has refused to confront the reality of Britain's diminished role in the world. For a time, Margaret Thatcher's 1980s sustained the delusion that Britain could remain more than an influential island on the edge of the European continent. But now the veil bas gone. Europe bans British beef. How can the government retaliate? It can put the "Great" back in Britain by ref-

from official buildings. The diminishing but still sizeable band of Tory pro-Europeans cannot escape blame. Too many have been unwilling to admit that the pooling of sovereignty in the EU does indeed compromise national decision-making. Mr Clarke makes the case for the unavoidable trade-off. But few others are heard proclaiming the advantages of engagement

using to fly the European flag

Such is the party over which Mr Major now presides. He has struggled to hold it together for the past six years, and has been vilified for his pains. The government's ratings in the polls might well improve. The economic recovery must mean something to the voters. And when you are lying in so deep a ditch it is harder to fall further. But, to paraphrase Norman Lamont, the former chancellor: the Conservatives may be in office but they are no

## The Normal response to harassment

in Normal, Illinois. Until three weeks ago most Americans knew this small prairie town only for the quaintness of its name. It has now been thrust into the limelight by America's biggest suit for sexual harassment since the term was

In the dock is Mitsubishi Motor Manufacturing of America (MMMA), the US subsidiary of the Japanese carmaker. Its Normal plant employs almost 800 women, half of them on the production line. According to a suit brought by the Equal Employment Opportunity Commission, the Federal watchdog, several hundred of those women have been sys-tematically harassed by their male co-workers for the past

Most of the allegations are glumly familiar: pinching, groping, obscene remarks and graffiti. But some of the goings-on in Normal were odder and uglier.

It is not in dispute, for workers hired prostitutes for sex parties, and took photographs of their exploits to show back at the plant. Nor is it denied that at least one woman who complained about narassment found a frighteningly abusive anonymous note in her locker.

One might infer that Normal is a kind of redneck's heaven: a rustbelt jungle, full of strip joints and sports bars. The reality is quite different.

Some 130 miles south-west of Chicago, on the old Route 66 through the heart of America, Normal is a quiet, rather pleasant town: the kind of place where cars wait politely at the stop signs and you are sure of a Gideon's Bible in your hotel

Even the Mitsubishi factory, a long, low white building a couple of miles outside town, is not unattractive as car plants go. Rabbits and robins hop on the front lawn. A yellow school bus unloads a gaggle of kids headed for a plant tour and lecture.

The small town at the heart of ugly allegations is an unlikely place to have spawned a culture of sexual aggression, says Tony Jackson

It seems an unlikely place to have spawned a culture of sexual aggression. And this, it turns out, is precisely the issue.

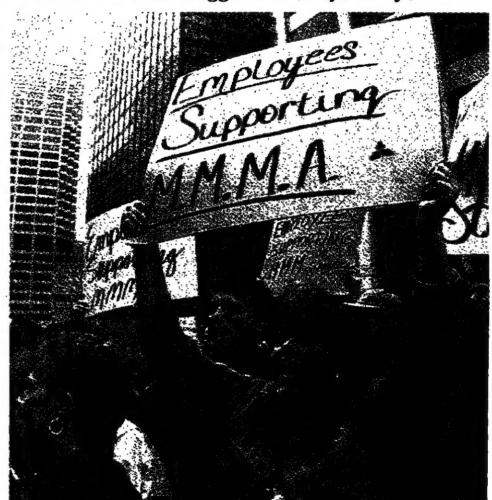
The equality commission has brought what is technically known as a "pattern and practice" suit, meaning that harass-ment was tolerated as standard practice at the plant. Mitsubishi concedes that harassment occurred. It denies vehemently that it was pervasive or condoned by management: that it was, in a word, normal.

According to Mr Gary Shultz, MMMA's vice-president and general counsel, there have been 89 instances of harassment in the plant's eight-year history, and 10 men have been fired as a result. It seems a high figure, but Mr Schultz will not be drawn. "One case is too many," he says. "We have dealt with cases individually and quickly. rampant. This is a comfortable workforce."

Perhaps. The case has its origins in complaints filed with the EEOC in 1993-94 by 29 women employed at the plant, 18 of whom still work there. The commission duly launched an investigation, while the women pursued a legal action in parallel. Two years on, it has launched a lawsuit of its own. Not everyone, it seems, is as comfortable as all that.

The lawyer for the 29 women, Ms Patricia Benassi, lays part of the blame on Japanese work practices and attitudes to women. This is a potentially explosive issue. which both governments are anxious to play down.

MMMA's top management is Japanese, and between 60 and 70 Japanese work at various levels in the plant. However, the EEOC denies that Japanese control is a factor. Conveniently enough, its chief spokesman on the case, Mr Paul Igasaki, is a Japanese-American. Indeed, for what it



Teamwork: workers were bussed to Chicago to back the company, which closed the plant for a day

to a big Bridgestone tyre plant, also Japanese-owned and apparently trouble-free.
Tokyo, meanwhile, has been

putting pressure on MMMA for a quick conclusion. According to the Japanese ambassador to the US this week, his government has "expressed concern" to MMMA executives. Mr Tsu-

is worth, Normal is also home neo Ohinouye, the chairman of headquarters. Denuded of Mitsubishi Motors in Japan, said last week he wanted the EEOC suit settled.

> MMMA's conduct has been more aggressive. In one nownotorious episode, the company last month bussed nearly 3.000 workers on full pay to Chicago to mount a demonstration outside the local EEOC

workers, the plant was closed for the day.

Mr Schultz is robust in

defending the demonstration. Bear in mind, he says, that this is a workforce trained in Japanese-style teamwork and problem-solving. In response to the EEOC's accusations, the workers formed their own committees and produced their own solutions, including the Chi-

cago demonstration. Granted, MMMA paid for the buses and the day off. "The other option." Mr Schultz says, "would have been to tell our employees 'no, we're not going to listen to you or accept your support, or allow you to defend

But what is MMMA doing about the admitted abuses? The sex parties, for instance, or the note found in the woman's locker?

The parties may have been repugnant, Mr Schultz says, but they were unrelated to the work of the plant and therefore not MMMA's business. Bringing the photographs into the plant was not a harassment issue, but a violation of company policy on prohibited material. Seven men have been put on a final warning as a

As for the note in the locker, that is being investigated. If it proves to be a case of retaliation, existing policy lays down that the culprit will be fired.

anwhie. Mr Schuitz savs the company is actively pursuing a programme to make it a model for American industry on controlling sexual harassment. It will call in third parties to review its existing practices. It will seek to learn from companies which have done the best and worst jobs on harassment in the past.

But it will not settle with the EEOC. This is not a contest, Mr Schultz says. The company's management and the commission share the goal of stamping out harassment. Nor is it a conflict with the Japanese head office. "Tokyo is being informed, but it's not giving directions or driving this matter."

What sticks in Mr Schultz's craw is the accusation that MMMA condoned the harass ment. The company's policy throughout, he says, has been one of zero tolerance. He would rather go to court as a means of proving it. Given the pace of American justice, the town of Normal looks like belying its name for a good while yet.

#### Michael Skapinker on problems ahead with deregulation of the aviation market in Europe

hortly before it began services from London to Amsterdam's Schiphol airport, EasyJet, a new low-cost carrier, received a fax suggesting it fly somewhere else

The fax did not come from a rival airline anxious to avoid competition on the London-Amsterdam route. Nor did it come from another city hoping EasyJet would provide it with a new service. The request to call off the new route came from Schiphol air-The fax said: "I strongly advise you

to reconsider your current plan and maybe look into more profitable European destinations. We would not like to see one of Europe's pioneering lowfare carriers go under because of a highly competitive and unprofitable Amsterdam operation." Schiphol says the reason it advised

EasyJet not to fly to Amsterdam was that it already has 50 flights a day to London, many at competitive prices. It adds that EasyJet's aircraft are too noisy for an airport which takes environmental protection seriously. EasyJet says its aircraft noise levels are within legal limits and it plans to purchase quieter aircraft

Those hoping that full deregulation of the European Union aviation market next year will lead to an increase in start-up carriers need look no further than the Schiphol fax for some of the problems new airlines

In 1993, the EU gave European airlines the right to fly freely from their home countries to other member Schiphol's advice, with fares starting

But Sir Michael Bishop, chairman AIRPORT

Sir Michael says strict anti-noise rules at some continental European airports mean there is a limit to the number of flights. He adds that while several UK and Irish airports offer discounts on landing charges to carri-

Airline analysts point out that even British Airways, Europe's most pow-erful carrier, has struggled to establish successful domestic services in other countries. In preparation for full deregulation, BA took stakes of just under 50 per cent in TAT of France and Deutsche BA. Both are still running at a loss.

EasyJet, which was founded last year by Mr Stelios Haji-Ioannou, a Greek shipowner, began operating to Amsterdam last month in spite of



at £35 one-way. EasyJet already runs services to Scotland from its base at Luton airport, near London. It will begin flying from Luton to Nice and Barcelona in June.

Mr Haji-loannou argues Europe is ready for low-cost regional operators like those that have succeeded in the US. He has modelled his operation on ValuJet, the US no-frills operation. Travellers on EasyJet do not receive any food or drink, although they can buy a limited range of snacks. Mr Richard Branson, founder of Vir-

gin Atlantic, the long-haul airline. this week acquired 90 per cent of Euro Belgian Airlines, a Brussels-based cutprice carrier, for BFr1.8bn (£38m). Mr Branson plans to use the carrier, renamed Virgin Express, to fly between various continental European cities. This could include domestic routes, such as Rome-Milan. Mr Branson was inspired by a flight

he took nine months ago on South-west Airlines, another US low-cost airline. He says there is scope for independent European carriers to succeed in spite of the presence of strong national airlines. In the US, he says, the entry of low-cost carriers resulted in a threefold expansion in the number of people flying on the routes con-cerned. Ryanair's flights between Ireland and the UK have also led to large growth in total passenger

However, Mr Branson says: "Although I relish the challenge of doing in Europe what Southwest has done in America, I know there are hurdles to overcome. The cost of operating in Europe is higher than in America. The landing charges in Europe are astronomically higher. The charges to fly through airspace are much higher."

Given Mr Branson's marketing flair and his record of establishing a long-haul carrier in the face of overwhelm-ing competition from BA, few are prepared to write off Virgin Express. But Mr Rigas Doganis, professor of air transport at Cranfield University, says: "He will need to invest an

enormous amount of money to suc-

Mr Doganis took leave of absence from Cranfield to run Olympic Airways, a 14-month experience which was cut short in March when he was dismissed by the Greek government. He says to compete with established airlines on busy routes, new entrants need to operate several flights a day. This means they need take-off and landing slots at both ends. Many European airports, however, have a shortage of slots.

New airlines have a better chance of succeeding on smaller, less trav-elled routes. He says: "My feeling is that there will be few new entrants and they won't succeed in the long term." While hopeful European air-line executives look to ValuJet and Southwest for inspiration, Mr Doganis says they should not forget how many airlines, such as People Express, have failed since US airline deregulation in

He says: "The experience of the US is that very few entrants survive the first 10 years of deregulation. Very few that exist now were there 10 years

Sir Michael Bishop warns, however, against getting too depressed about the prospects for competitive Euro-pean air travel. Airline executives are focusing on scheduled services and the effect of next year's deregulation. Europe already has something the US does not, he says: a highly-competitive charter airline market which has already achieved what many EU independent airlines may fail to do.

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Tory party as a force capable any longer of governing.

There is a credible right-ofcentre prospectus for the 1990s. It was sketched out this week in two intelligent

## An airline faces the fax

states. Next year, European airlines will be able to start domestic services in other EU countries. There are already several airlines in Europe challenging established national carri-ers, such as British Midland, Ryanair of Ireland and Air Liberté of France.

of British Midland, predicts that next year's deregulation will not add many more independent airlines to this list. While it is possible to build up new airlines in the British Isles, it is far harder on the Continent, he says.

ers wanting to start new services, many continental European airports are more concerned about protecting established carriers.

SWORLD INTEREST RATES

MONEY RATES

#### CURRENCIES AND MONEY

#### MARKETS REPORT

### Dollar stable

#### By Graham Bowley

Calm returned to the foreign exchanges yesterday after weaker than expected US jobs figures eased expectations of higher US interest rates.

The dollar had fallen sharply in the previous session after strong GDP data hit US bond and share markets.

But yesterday's figures appeared to contradict the earlier data. The data suggested that the US Federal Reserve might delay any move upwards in interest rates to head off possible future inflation.

The dollar remained stable against the yen but traded slightly lower against the D-Mark. Analysts said it was undermined by the signs of weaker than expected growth and a pick-up in inflation threatened by higher average earnings numbers.

The pound performed well in the wake of the better than expected performance by the

May 3

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-0.0008 845 - 870 +0.025 187 - 280 +0.0221 888 - 541 +0.0155 231 - 327 +0.039 259 - 439 +0.0072 452 - 492 +0.0121 865 - 903 +0.003 6972 - 335 +0.003 061 - 090 +0.0435 900 - 094 +1.96 896 - 978 +0.0744 928 - 350 +0.0744 928 - 350 +0.0858 405 table sho

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+0 0009 +0 0017 +0.0017

**EXCHANGE CROSS RATES** 

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(Es) 19.97 (Pta) 24.61 (Skr) 45.96

IS D-MARK FUTURES (MM) DM 125,000 per DM

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EI SWISS FRANC FUTURES (MAM) SFr 125,000 per SFr

61g - 5 61g - 57g

UK clearing bank base lending rate 6 per cent from March 6, 1996

LONDON MONEY RATES

Interbank Sterling

Sterling CDs Treasury Bills Bank Bills Local outhority deps

Certs of Tax dep. (£100,000)

(Pesc) (RS) (CS)

ruling Conservative govern-ment in UK local elections.

The government suffered heavy losses but they were not as severe as the markets had anticipated. Sterling had come under pressure earlier in the week on fears that a disastrous performance by the government might force the resignation of Mr John Major, prime minister.

The dollar finished in London at Y104.725, from Y104.675

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May 3	Latost	~ Prev. c9098 -
£ spot	1.5040	1.5030
mth	1.5032	1.5022
J with	1.5021	1 5016
1 15	1 4963	1,4969

at the previous close. Against the D-Mark, it finished at DM1.5273, from DM1.5328. The D-Mark ended broadly

unchanged against most other European currencies after giving up earlier gains. It closed up against the yen at Y68.54 from Y68.28.

16 1797 16.1314 47.5319 47.1160 8.8630 8.8398 7.2640 7.1780 7.7770 7.7511 2.3001 2.2914

7.7770 7.7511 2.3001 2.2914 366.543 364 744 0.9681 0.9642

2357.70 2347.47

47,5310 47,1160 2,5710 2,5614 9,9034 9,8059

1.5056 1.4955

1,8927 1,8841 11,6505 11,6052 52,1550 51,8620

4.8371 4.8114

157,560 156,550 3,7550 3,7412 2,1924 2,1796

5.6482 5.6264 2.1138 2.1056 6.6100 6.6567

1172.12 1168.06

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6 5pc from May 7, 1296

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One month
Rate %PA

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47.0585 2.5567 9.8539

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2357.78

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5.5 155,134

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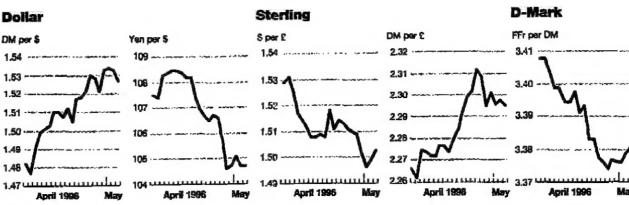
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2372.88

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Sterling finished against the D-Mark at DM2.2948 from DM2.2982. Against the dollar, it closed at \$1.5025 from \$1.4994.

Source: FT Extel

Yesterday's US payrolls data restored calm to currency markets after Thursday's strong growth figures pulled the dol-lar lower.

But it appeared to cause great confusion among currency analysts who sought to make sense of conflicting messages about the speed at which the US economy is now grow-ing. The GDP data indicated

45.8285 8 6577

2425.58

45.9285 2.4848 9.7391

194,089

2.8 2.2

09 -32 26 3.1 1.3

5.5

months %PA

2.6 2.7 2.2 0.7 2.2 2.7

2.7 3.0 1.1 -2.3 -1.7 -0.1 4.1

the economy grew at an annual rate of 2.8 per cent in the first quarter of the year, but the non-farm payroll figures showed employment rising by only 2,000 last month after large increases in previ-ous months.

Government bond markets also reacted in a confused manner, rising strongly before giving up most of their gains later

■ Attention on the foreign exchanges this week is likely to revolve around German

Europe
Austria
Belgnum
Denmark
Finland
France
Germany
Greece
Instand
Italy
Luvernbx
Norway
Portugal
Spain
Sweden
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Argentin Brazil Canada Mexico USA

Australia Hong Kong

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4.343 2.314 2.640 0.882 2.120 0.087 0.799

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0.9590 0.9727 0.9850

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93.98 93.78 93.43 92.93

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Change

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-0.0014

+0.0012

IN THREE MONTH STERLING FUTURES (LIFFE) 0500,000 points of 100%

+0.04 +0.05 +0.04 +0.03 +0.01

**ES (IMM) 262,500 per 9** 

21.78 11.59 13.23 4,471 10.62 0.437 4.003

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JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

alasi

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94.04 93.87 93.52 93.04 92.61

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Change on day

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31,3900 1 7058 6,5643 157,110

127.540 6.8304 1.2430 1.5025

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Citibank NA ... ... 6,00

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-0.0655 277 - 276
-0.48 080 - 180
+0.0016 546 - 585
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-0.023 608 - 678
-0.38 080 - 160
+0.076 490 - 590
-0.0277 254 - 354
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- 957 - 962 +0.0001 921 - 923 +0.0007 625 - 630 +0.0035 730 - 780

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unemployment figures, due on Monday. According to Mr Mark Cliffe, economist at HSBC Marin Germany. kets in London, the main market focus over coming weeks

One month Rate %PA

10.6861 31.23 5.8652 4.7826

248.155 1.5571 1581,35

1:81.35 31.2205 1.6953 6.5568 158.015 128.22 6.8589 1.232 1 5008

1.2605 7.7385 35.005

103.38 2.501 1.4654

3.7513 -0.1 1.3932 2.7 4,4728 -7.3

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5.1 -1.1 -2.4

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157,425 127,79 6,8415 1,2395 1,5017

1,257 7,7367 34,7

104.28 2.4949 1.4598

EMS EUROPEAN CURRENCY UNIT RATES

159,743

2.13140

13,4274

3.7506 -0.1 1.3992 3.0 4.4212 -7.9

to which the D-Mark may weaken, given the different growth and interest rate outooks in Germany and Japan. The D-Mark and the dollar both came under pressure against the ven earlier this week on speculation that signs

might trigger a rise in interest

Day's mid high fow

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5.1530 1.5230

31.6450 3 5.9000 4.8359

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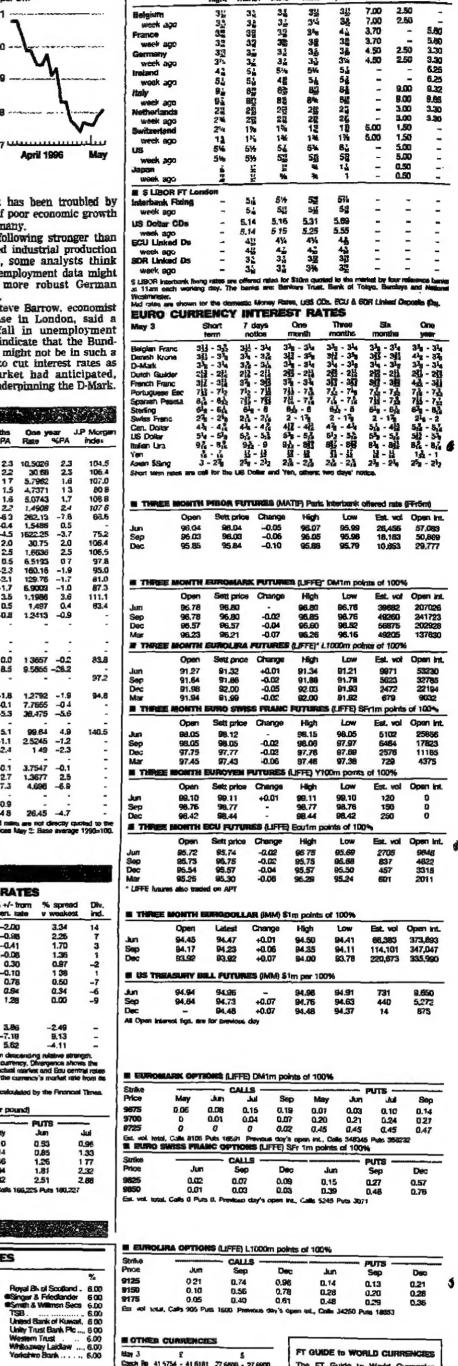
BASE LENDING RATES

will continue to be the extent

D-Mark has been troubled by signs of poor economic growth

But following stronger than expected industrial production figures, some analysts think the unemployment data might signal more robust German growth.

Mr Steve Barrow, economist at Chase in London, said a large fall in unemployment would indicate that the Bundesbank might not be in such a of stronger growth in Japan hurry to cut interest rates as the market had anticipated, rates soon. Meanwhile the thus underpinning the D-Mark.

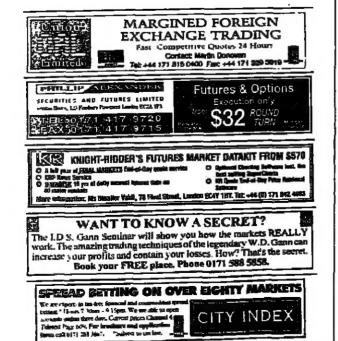


Strike		CALLS -			- PUTS -	
Price	Jun	Sep	Dec	Jun	Sep	Dec
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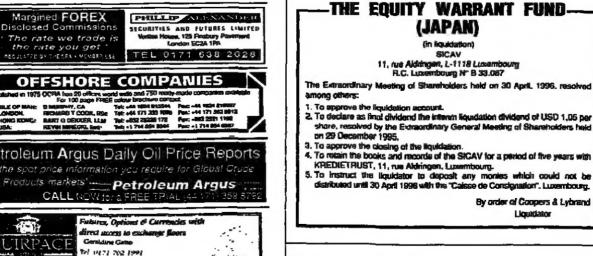
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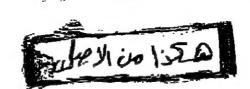
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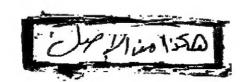
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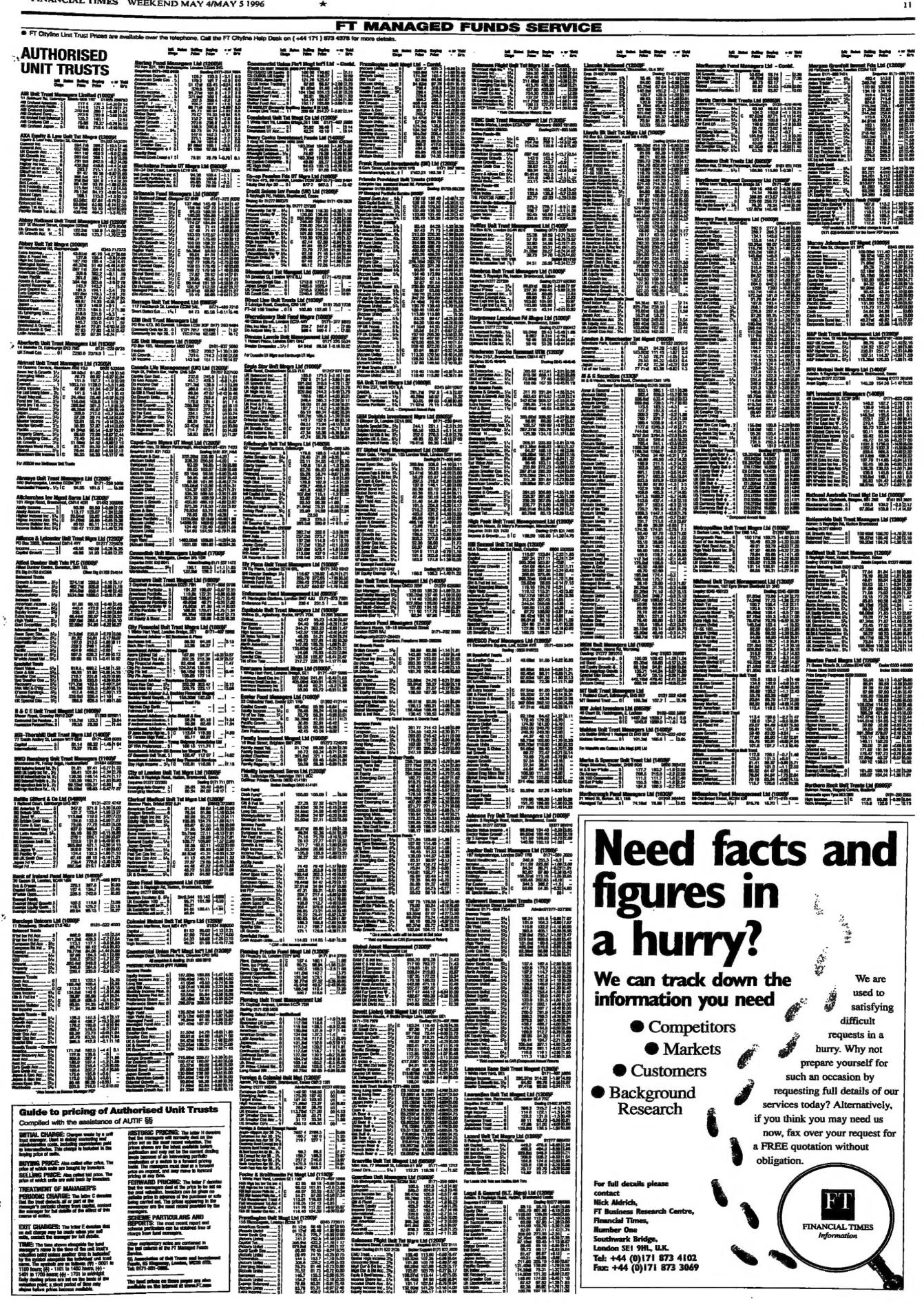
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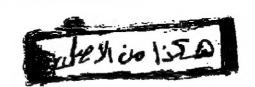
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# WeekendFT



## A primitive form of warfare

And that's not just among the players. Rugby union's governing bodies, the clubs and the

times punch each other. But who cares? No one really minds provided that no one

game, but now that it has gone Now it is all about money: millions and millions.

The top clubs in England and Wales are fighting their unions which set their rules, And the unions are fighting each other; Wales, Scotland and Ireland are objecting to England's grab for a larger share of television income from the European Five Nations championship.

This is rugby's modern world an era inaugurated on August 26 1995. On that day, the International Rugby Foothall Board dropped its ban on professionalism. It was a docfrinal shift comparable with that of the Roman Catholic Church in the 1960s when it dropped Latin.

, \_,~~

The board's decision marked the final break with the gentlemanly roots of the game a century and a half ago. An inscription set in the old brick wall by the Close - Rugby School's main playing field - declares

broadcasters are having to come to terms with the sport's change of status from amateur to professional. Huw Richards explains why all the problems seem to centre on money that it started in 1823, when with a William Webb Ellis, with a the most significant non-emfine disregard for the rules of pire stronghold, while in the most significant non-empire stronghold, while in the with the most significant non-empire stronghold, while in the learn played every year in the European Five Nations champion. Now they have it. For most

almost certainly false. The plaque was erected half a century later, after Webb Ellis's death. It is more likely a memorial of the first great battle over professionalism between those who had codified the original Rugby Union rules and the competing claims

Old Rugbeians first developed the game at Cambridge university in the 1830s and 1840s. So when, in 1895, the league game broke away, the union faction created the plaque to establish the historical authenticity of its claims.

As old Rugbeians fanned out to administer the British empire, they took the game and its amateur tradition with them, particularly to white South Africa and New Zealand. In most of England, Ireland and Scotland, it remained the game of the upper and middle classes. However, in south Wales it became a more univer-

the game for the game's sake. It may sometimes look like a primitive form of warfare but the visceral appeal of brute force, courage and strength conceals subtlety, complexity and deft handling. At its worst it can be a mud-spattered battle of attrition such as this season's clash between Scotland and England. But at its best, as played by New Zealand in the last World Cup and Neath or Sale in domestic competition, it is a game of pace,

movement and creativity. In Wales, Gwyn Thomas, the writer, once said rugby is more important than sensuality, rebellion and religious revivalism because it "is a distillation

Rugby union took its deci-sive turn in the late 19th century, it resisted the pressures of professionalism as sports drew rising crowds and brought in players from

William Webb Ellis, "with a fine most significant hours of pire stronghold, while in the football", first picked up the US the game mutated into by its top clubs, surrendered in the breaking over amateur status by its top clubs, surrendered in the leading and the leading ship, no trophy was awarded until 1994.

American Football.

But that comfortable, north of England rugby clubs asked to compensate their players - many of them industrial workers - for lost income, the Rugby Union refused. The dissident clubs broke away to

form what eventually became

professional rugby league. Union remained self-consciously amateur, its gentlemanly character defined by Michael Lord, a Conservative MP, a fierce critic of the move to professionalism, as: "Sport is not work. It is what you do when you finish work." Union's clubs were con-

trolled by members, who elected volunteer officials. Players were members, not employees. They elected their own captains, and were at liberty to miss matches or even ngs clubs as they wished.

Most matches were friendles

the national cup competitions, the finals of which are played today at Twickenham and Cardiff, date back only to the early 1970s and leagues to

But that serious pressure from the 1960s on. Television gave international rugby serious popular appeal. Sponsors started to move in. Greater commitment was demanded of leading players and the introduction of leagues led to competition for top players and widespread allegations of payments. The inland Revenue has been suspicious of players' real sources of income for some time.

The decisive blow to ama-

teurism was the World Cup, first played in 1987. New Zealand, Australia and South Africa - the three winners so far - have been increasingly impatient of the regulations on amateurism and on the eve of the 1995 final concluded a \$530m television deal with Rupert Murdoch, the media tycoon. Top British players. confronted with the de facto professionalism of the southern hemisphere, argued

of Britain's and Ireland's no difference at all. For example, Keith Plummer, captain of Woodford, an Essex club playing in a regional league, is in the top 5 per cent. But he says: "Nothing at all has changed for us, or is likely to change. The players here pay a 255 annual subscription, £5 per match and provide our own transport.

And anyone looking at the top level has to remember that professionalism is as much an attitude of mind as an economic status. Richard Moon. organiser of the Rugby Union Players' Association, says of his brother Rupert, who played for Wales: "The commitment top players had to give is such that your career inevitably came second."

But for the tiny minority of top clubs and players and those who aspire to such status perhaps 40 or so clubs and a little more than 1,000 players in England and Wales - rugby union now resembles nothing



forger and his pact with the devil

Fashion: Cool, crisp shirts with style

Travel: How to get lost in Italy and best the

Food: Edmund Penning-Rowsell on the pick of the 1995 red Bordeaux



a general manager in the reigning business XVIII

Nobel laureate Seamus

Heaney -Food & Drink

Continued on Page IX

so much as post-Soviet Russia, having shifted almost over-night from the constrictions of

a wholly regulated system to

having few rules, galloping

The speed of change can be

gauged from the autobiogra-

phy, completed last summer, of Jeremy Guscott, the Bath and

Guscott looked forward to the

time when England interna-

tionals might earn £3,000 to

\$4,000 for a season of six or

seven games. Now he and his

England colleagues are making

This is expensive for the

Rugby Football Union, but

hardly ruinous. England can fill the 78,000-seat Twickenham

stadium for almost any match.

This is a monument to the

commercial acumen of the offi-

cials whom England's depart-

that much for a game.

inflation and a desperately

uncertain future.

#### Joe Rogaly

## Lest we forget John Major

The prime minister could prove to be the victim of malign events beyond his control nervous. Their inferiority com-

ohn Major may be ever in the headlines, but he is on the way to becoming yesterday's news. No, I am not about to curl the lip and sneer that the man who succeeded Margaret Thatcher as prime minister is, shall we say, an indecisive and uninspiring figure. That char-red old chestnut is to be spared a further roasting this morning. It is, after all, Saturday. We should strive to enhance the weekend, to be the lead voices in a chorus of

joy. Some will czy hallelujah at the prospect of events sweeping Mr Major away. Not I. It is too soon for that. We should rather consider what his place in history might be. At present it looks shaky, but one spectacular achievement cannot be taken from him. He rescued the Conservatives after they ejected his predecessor in November 1990. In April 1992 he led them to a fourth election victory in a row. The popular vote for the Tories was greater than for any political party in any previous national

Until very recently it was customary to add other sub- Future historians might ques-

beadings to the chapter enti-tled "Major successes". Infla-tion has been brought low and held down. For a while at least the Northern Ireland peace initlative looked as if it might get somewhere. The Conservative party has not actually broken apart, not so far, in spite of the emergence of warring factions within its ranks. Britain retains its place in Europe and looks, or looked, set to remain

Every one of these prime ministerial "successee" might now be rubbed out by an unkind fate. Yes, 1992 is indelible, but a fifth Tory victory? Such a forecast would be an unsafe bet for which long odds should be demanded. Infla-tion? With Kenneth Clarke at his side and Eddie George looking on, Mr Major resisted the temptation to reflate his way out of political trouble, but today it is not certain that this steadfastness will last.

The peace process in Ulster may be unravelling. The original proposals drawn up by Mr Major and the then Irish prime minister, Albert Reynolds, constituted a bold attempt to end 25 years of violence.

tion the motives of the two leaders, but Messrs Reynolds and Major deserve the credit for the Anglo-Irish declaration. It offered Sinn Fein and the IRA a chance to solicit through the ballot box what bullets could never bring them: a pan-Irish administra-

Mistakes have been made, not least when Mr Major accepted the Ulster Unionist demand for a provincial election before peace talks begin. That was, however, a matter of tactics - understandable. perhaps, while the government depended on unionist votes in the Commons. The broad strategy remains

sound. Neither the Dublin nor the London government could invite Sinn Fein to negotiations in the absence of an IRA ceasefire. The unionists would not attend if they did. Both ministries are committed to the principle that the consent of the two Irish electorates, north and south, must be given for any constitutional change. If reason could solve problems, Ulster's troubles would be over. They are not As for Europe and the Con-

servative party the very use of

the word reason is a joke. Discourse among Tories is rendered incoherent by hot passion, wild speculation, angry rumblings, chauvinistic spluttering. Mr Major started his Street with a promise to place Britain at the heart of Europe.

Discourse among Tories is rendered incoherent by hot passion

He remained true to the sense of that position, and has lately attempted to placate the growing band of anti-Europe Tories by adopting Gaullist language, speaking of a Europe of Nations. When was the European Union anything else?

If I had to hazard an explanation for the growth in Euro-phobia it would be that the loudest nationalistic bombast comes from those who fear

plex expresses itself in impractical phrases such as "national sovereignty" and "go it alone", not to mention absurd phantoms like "federal superstate" to this sense of weakness the other day when, according to one account, he referred to his fellow-Europeans as "shits". It was, however, the bon

mot of the season, a succinct reflection of Tory exasperation at the EU ban on British beef. It will assuredly be a footnote in histories composed in the next century. What might the text above say? That the government failed to foresee the political consequences of its announcement that there might be a link between infected cattle and a rare human disease. Reason led the Conservatives to assume that cautious scientists' cautious suggestions would be accepted by consumers. Judgment should have told them how

wrong that would prove to be. The consequence is curious. The original fault lay in the government's handling of its announcement and its timothat Britain may be out- rous set of proposed accompasmarted. The ultra-sceptics are nying measures. When you are

selling something to eat, you must assure buyers that it will not kill them. The case for mass culling may not be scientifically demonstrable. Nothing is in this matter, since so little is known. The case rests on the need to restore confidence. Yet the blame for the destruction of the cattle industry is being laid on the European Commission.

I wonder. Could the EU beef

ban be the final straw, the one party in two? Listen to the Europhobes with one ear and the sensibly pro-European chancellor with the other and you cannot but conclude that the cement binding the Tories is weakening. The party might yet fall apart. It might be transformed into an aggressively anti-European, National

Conservative party.
Such a monstrosity could consign the Tories to as many years of opposition as they have recently enjoyed in power. The good name of Mr Major, who has struggled to prevent such an outcome, would be the victim of malign events. His political epitaph might then read, "Sweet reason trampled down".



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he simplest, most daring and most far-reaching clinical test in the history of medicine took place in Gloucestershire

200 years ago. In May 1796, Edward Jenner took cowpox from a milkmaid's hand and worked it into a small cut on the arm of eight-year-old James Phipps. A week later the boy developed the mild fever characteristic of cowpox. Then Jenner inoculated him with smallpox and the deadly disease did not

The principle of vaccination had been proved.

Over the past two centuries vaccines have probably had more impact than anything else, apart from clean water supplies, on reducing mortality from infectious diseases

There have been several golden ages of vaccine development, for example between 1890 and 1910 when Louis Pasteur's successors developed the BCG teberculosis vaccine, and in the 1950s when the

The Nature of Things

## Vaccines return to full health

After years of being out of sorts, they are now attracting interest and investment. Clive Cookson reports

Salk and Sabin vaccines eliminated polio as a serious threat to public health.

During the 1960s, 1970s and 1980s vaccines were in the doldrums. The pharmaceutical industry sold cheap unpatented vaccines on low profit margins, and spent little on research and development. But the field is now undergoing

a spectacular renaissance. Worldwide vaccine sales were worth \$3bn last year, says Jean Stephenne who heads SmithKline Beecham Biologicals, the world's biggest vaccine business. They are projected to reach \$7bn within five

SmithKline Beecham - an

Anglo-American company whose vaccines operations are based in Belgium - set the sector alight with the world's first genetically engineered vaccine, for hepatitis B. launched in 1986.

Engerix B is produced by yeast that contains genes from the hepatitis virus. Its commercial success sales reached £400m in 1995 showed that a vaccine could make as much money as a blockbuster

Large pharmaceutical companies and small blotech companies are pouring money into vaccine R&D. More than 100 candidate vaccines are in various stages of clinical

Traditional vaccines consist of whole bacteria or viruses that have been chemically killed or are weaker than the original diseasecausing microhe.

By contrast, many of the new generation are genetically engineered "sub-unit" vaccines, like Engerix B, that contain just part of the microbe - one or more of the "antigens" that stimulate a response from the human immune system.

An obvious advantage of subunit vaccines is safety; they are far less likely to cause an adverse reaction or disease than whole

On the other hand, they do not

provoke such a strong immune response; so one of the most active areas of vaccine research today involves "adjuvants" - added chemicals that boost the response.

Researchers say their new vaccines promise many improvements over current products. Most important, it will be

possible to prevent a range of new diseases for which no vaccines are available today. Two of the most challenging

long-term targets - and perhaps the most important for world health - are HIV/Aids and malaria; although there are several experimental vaccines against both, researchers face formidable

problems in developing vaccines that will be effective against the various strains of HIV or the malaria parasite.

For travellers, a welcome development will be vaccines against the strains of E coli and cholera bacteria that cause diarrhoea and dysentery.

And parents can look forward to vaccines to protect babies against bacteria such as S pneumonia, H influenzae and M catarrhalis which frequently cause painful earaches in childhood.

■ As new vaccines are developed, researchers are discovering how to combine more of them in a single shot, so as to reduce the number of

injections needed. A six-fold com-bination is already in clinical trials for children: diphtheria, tetanus, whooping cough, hepatitis B, H influencae type b, and polio. Some scientists talk of eventually combining a dozen or more vaccines but others think that the young immune system will not be able to cope with so many at the same

Oral vaccines are more pleasant and cheaper to administer than injections, so researchers are working on new formulations that can simply be taken by mouth. There are several long-term projects to add antigen genes to fruit and vegetables, which could then serve as edible vaccines.

■ Although vaccines traditionally protect against infection, a future role will be to strengthen the patient's immune system enough to clear an existing disease. Therapeutic vaccines of this sort are being developed not only to get rid of chronic infections such as herpes, hepatitis and HIV but also to

beatre designer Paul Dart once covered 11/4 miles of pedestrianised streets in a London shopping area with black net hung with mirrored plastic strips to create the impression of it being under water.

The effect was dramatic enough - but not quite in the way Dart planned. High winds broke off pieces of the plastic, some of which blew up to three miles away before sticking firmly to the pavements.

Dart quickly modified the design by using more net . to trap the materials and soothe the wrath of local street clean-

Innovative minds promising "an alternative face" to decoration can encounter other problems, too.

In one shopping centre, newly refurbished at a cost of several million pounds, the only electrical socket was at the top of a four-storey high dome above a fountain and the built-in supports for the decorations were in the wrong place to support the designs. That took some arranging," Dart remembers.

He is joint partner in James Glancy Designs, which took on its first commission in 1991 to decorate the pedestrianised shopping streets at St Christopher's Place, behind Oxford Street in London's West End.

While Dart, 42, provides the theatrical impetus for the company, his partner James Glancy provides the marketing and public relations expertise. So far, the two have concentrated on Christmas designs but they are now extending their business to create seasonal looks for shopping centres and streets. This month, for example, shoppers in St Christopher's Place will be walking under a canopy of

The two men met in 1989 when Dart was creating flamboyant and striking windows for Obsessions, his men's gift shop in Earls Court, west London. Glancy, 34, lived across the road and noticed them. He asked Dart whether he had thought of marketing his extraordinary designs. He told him he could use James Glancy Associates, Glancy's newly formed public relations

company. Two years on, the chance to pitch for the St Christopher's Place Christmas contract, worth £12,000, arose and Glancy incorporated a separate company James Glancy Design. The designs were paid for using their personal credit cards and calling on half a dozen friends, mainly with technical theatrical experience,

to help. Dart says: "We made everything in my front room - huge angels out of cane with gold tissue wings which flapped in the wind. Some people were mildly shocked because it was not the usual garlands and

here is a wonderful

imbalance about gar-

den visiting. Visitors

to the best gardens

like to say and think that they wished they had such a garden

themselves. Owners of the best gardens know very well that

their visitors would not want

the season warms up? Perhaps

we should not worry about

learning the obsession of pro-

fessional self-improvers. None-

theless, we are all onlookers

who want to think that our

visiting is going to help us. I

find that many of the best gar-

dens break down into smaller

corners and fragments which

can be reinterpreted anywhere

without involving impossible

As usual, I have begun my

visiting season at Sissinghurst

in Kent, the hardest garden to

Chees No 1120: 1 Ch3 a5 2 Ried

and mate next move.

effort.

ets and free weekends.



Putting up the daisies: Paul Dart (left) and James Glant;

Minding Your Own Business

## Christmas all year round

James Glancy Designs would like more seasons in the year, says Grania Langdon-Down

faux-Victorian creations. When it came down we went on with our other careers."

For Dart, that meant, among other things, theatrical work. He is currently head of design of the Method and Madness Theatre Company. Previous work has included the Diag-hilev Exhibition at London's Barbican centre and sets for the National Theatre, London Contemporary Dance Company and Frankfurt Opera. He also designs sets and costumes for cruise liners.

In Glancy's case, his PR company has a turnover of about £100,000 a year. Clients include Evian mineral water.

For James Glancy Design, work is seasonal and so the business has to be able to expand quickly, particularly

before Christmas, when about veying business, are split to come along and revitalise the first Christmas commission. It equally between the design, PR that space. And if people do not take a sharp intake of April 1993, £74,000 by or six staff for quiet periods. To keep costs down, some of

the design work is subcontracted to people working from home. The creation of the decorations, such as 12ft high Beatrix Potter characters and giant fabric presents, is carried out

in units under the railway arches in Battersea, rented from Railtrack. Overheads run at about 25,600 a month, nearly doubiing at peak times from June

to November as they take on extra staff and storage The overheads of the central

London offices, which Glancy shares with his brother's sur-

for more seasonal work - such as the spring designs at St Christopher's Place - and year-round tasks, such as refurbishing shopping centres. Budgets for designs and refurbishments range from £2,000 to £87,000. So far, the company has about 30 shopping centres

on its books. Dart said: "Look at what has happened to shopping centres. The designers have been told 'we must have daylight' so they include atriums some-times up to four storeys high, creating churches of retailing.

"The centres are, in effect, replacing the village green but they can be very dull. My job is

The aim now is to push hard breath when they see it and say what's that? there is no point in doing it."

Last year, their fourth Christmas creation for St Christopher's Place won the London Evening Standard's best decoration award. They have now been given a contract for about £100,000 to decorate the shopping area until 1000

They have just secured their first "seriously large" contract. worth £150,000, to decorate the Brent Cross shopping centre in north London for the next three Christmases.

The growth of the company is reflected in its turnover, which started at £12,000 with

1994 and to just under £200,000 last year. By April 1996, turnover reached £400,000. Profits have stayed roughly between 30 and 25 per cent of turnover. Their forecast for 1996/1997 is turnover of £500,000.

After starting the business during the recession. Glancy is waiting to see how it fares in more normal times: "It would be foolish to say the business was recession-proof but most people in the retail business feel that at least once a year they have to spend money on decorations."

■ James Glancy Design - 5th Floor, 1 Duchess Street, London W1N 3DE. Tel: 0171-637 8004; fax: 0171-637 8005.

Home Truths

## Have bags, . will travel

Clive Aslet on a question of status

his weekend I should have spent relaxing in the Lebanon, the Switzerland of the Middle East. Fate and the Israeli military having conspired against this jaunt, I shall probably occupy myself making good a deficiency of which the first stage of packing made me aware:

namely presentable luggage I find one develops an attachment to one's suitcases Just as I am sorry to say goodbye to an out-of-date passport, full of old visas and stamps, so I regret having to replace a battered valise, with ancient labels dangling from the handle. Merely to look at such a portmanteau is as good as a holiday. But there comes a time when even the oldest of friends have to part.

The question is: what sort of new luggage to buy? It depends, of course, where one is going. For the impressionable US, the rule is to dress up - at least if the destination is a metropolitan

I once arrived at a self-regarding San Francisco establishment with a suitcase that had seen better days. Its handle had been repaired with one in a different colour. I felt it gave it patina. The bell captain looked at it with contempt and praised its aesthetic merits in a sarcastic manner. I was young. I had also failed to tip the man who brought the car from the garage. Altogether an

experience to pass over. Going to underdeveloped countries, on the other hand. one should dress down. At Miami airport, travellers bound for Cuba often have their cases shrink-wrapped in plastic, by special machine, before check in Presumably. this is to ensure that they arrive unrifled by the baggage handlers in Havana - a precaution that I did not take and found, on that occasion,

not to be necessary. Some old Cuba hands, or indeed old Cubans, took this a stage further, bringing no suitcase at all. They merely bundled their possessions on to the shrink-wrapping machine. The resulting parcels. enormous and mis-shapen looked vaguely like chicken legs cling-filmed for a picnic. It was amazing that, at the

other end, each could be identified by its owner. But the human race has an

extraordinary capacity for recognising luggage. Think how many identical suitcases are sold by Marks and Spencer each year. Then add the number of cases by other manufacturers which look virtually the same. The total must be colossal. Yet at the arrivals carousel, instances of mistaken identity are, in my

experience, unheard of. My present suitcases are completely anonymous. I chose them in reaction to the shiny silver job I owned previously. bought on an afternoon that I unwisely spent shopping with

It was a kind of dare, along the lines of: whoever would travel with that? My wife was not there at the time; she would have restrained me. That suitcase caused me nothing but trouble. Its one apparent virtue was that it would be robust. What a joke. It may bave looked like a tin can, but the surface tore like foil every time it went on a

journey.
It always aroused suspicion at customs. In Helsinki, a formidable woman official selected it as the one suitcase to open, from a departing boatload of passengers, after

catching it winking at her. For luggage, canvas seems to me to be inviting trouble, being too easily marked. To my surprise, I recently observed that a dandified friend of mine. very much a style-setter, carries Globetrotters. Surprise, because I use one myself as a briefcase.

It is strong enough for heavy books, and indestructible. If some dreadful calamity were to destroy all life on this planet, I know that my Globetrotter would somehow survive. bobbing on the surface of the waters as an eery witness to the late 20th century's obsession with travel.

But a Globetrotter suitcase might make me look like a wartime evacuee. Equally, I do not want a suitcase with wheels, because that would make me feel like a granny. My ideal would be one that expands at will, to twice the size, since I invariably want to return home with more things than I set out.

Difficult, very difficult. It confirms me in my secret belief that the greatest pleasure in life is staying at

Clive Aslet is editor of Country Life.

Gardening

## Why a late spring has its joys

As the season for garden visiting gets under way, Robin Lane Fox wonders what we can all learn

such a garden if they had it. It excel. A late spring has not done it any favours, but it still would break their backs, pockpulls off a magnificent trick How can we learn realistiwhich can encourage us to cally from the gardens which think again. we are all starting to revisit as

Its first, famous display is in the Spring Garden, between and around Lime Walk. It was the special preserve of the late Harold Nicholson, who called it his Life's Work and reminded us that Sissinghurst is not a feminine creation. His life's work was more fortunate than you or I expect ours to be. When his life ended, the work went on, financed by the National Trust and made even hetter and grander, like a piece of knitting which someone picks up and kindly finishes

overnight. Spring gardens which are tapestries and carpets remind me of the arrival of spring in the great Italian paintings of

the Renalssance. Angels and front garden, even in London virgins tread on an embroidery of multi-coloured flowers, spangling the green foreground and making me long for the same

effect in my garden. Unlike Botticelli, i have dandelions, not columbines in my foreground of lawn. At Sissinghurst, even the Primavera is made to look rather constricted. Botticelli's great figures of spring and natural graces never stood on a turf of tulips, miniature jonquils, Spring Snowflakes or lovely Erythroniums because their painter never knew them. We all know them and look at them each year in the bulb catalogues, but we never use them with the same panache as the continuing ground-plan of Sissinghurst's Life's Work.

The secret is so simple that

it could be applied in any small

behind the privet and forsythia. Most of us plant spring bulbs in segregated groups and confine ourselves to one or two varieties in particular areas of grass or flowerbeds. The Sissinghurst Primavera jumbles them all up together and extends them into little square beds beneath the trees and into the long borders below the boundary hedges. The result is a sensational patchwork of carefully chosen colours.

As I admired it in the sunshine, a strong scent of fox rose from the main borders. The scent was carrying particularly well because the foxscented Crown Imperials were in full flower, mixed with the smaller tapestry of bulbs at ground level to which they give significant height. Notoriously, they do not flower every



year and are best when topped up with new stock each autumn. Even in nature, they flower in some years, and I have come to accept there is no easy cure for their shyness after one or two good seasons in the ground. Nonetheless, they add stature to the lower spring. It builds up into a good

The lower planting could easily be copied and carried in new directions. At Sissinghurst, it mixes white and purple fritillaries, blue grape hyacinths, white Spring Snowflakes, pale lemon narcissi, small scarlet tulips and lovely pale yellow and pale blue anemones. An easy and reliable narcissus would be the early Jack Snipe and a spectacular tulip would be my favour-

The anemones offer endless possibilities and it is worth spending money on the best named forms and exercising patience while they increase. The star of the Sissinghurst tapestry is the pale yellow Anemone x seemannii which has emerged in artful gardens as one of the wonders of

ite little praestans Fusilier.

group, but prefers cool soil and needs three years to be seen at its best. Among its neighbours, there is nothing better than the various types of dogs tooth Violet, especially the yellowflowered Erythronium tuolumnense which is easier to please and retain than you might think. Each of these plants is

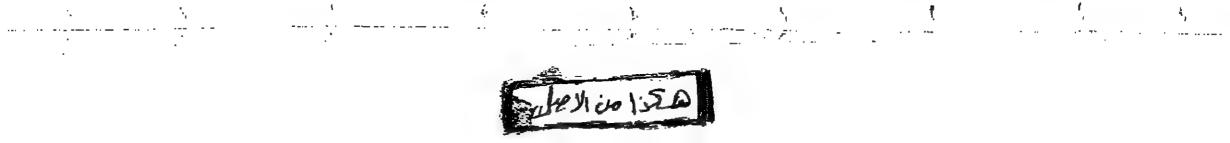
lovely, but the particular loveliness of this great garden is that it jumbles them up together in small clumps and clusters, accentuating the impression of a patchwork. I have begun to realise that the best use of ordinary tulips is to choose three or four particularly pretty colours and then mix them all up into a selected iumble.

The jumble principle can be extended to spring bulbs of all types. Books and experts still

advise us to plant a group of this, then a separate group of that Formal bedding behaves likewise, but there is even greater beauty in a jumble, especially in small spaces.

At Sissinghurst, the spring walk has been lengthened and developed since its first owner's death. Part of its effect is its long vista, but another part is its artful inter-mixture which can be reapplied on a smaller scale wherever you happen to garden. Some of it sits in little square beds beneath the tree-trunks of its formal alley. We tend to forget that the bases of clipped or restrained trees are an ideal site for jumbles of spring bulbs. Even I had realised the scope some while ago and now enjoy the easy yellow Narcissus Téte-à-Tête among the brilliant blue Scilla Spring Beauty.

it takes a great garden to give us greater ideas which we can break off and reapply to our own smaller scale. We would not want Sissinghurst if we had to maintain it, but we can all want and adapt such marvellous sections in gardens as great as this one, seen at the



PERSPECTIVES

## A master forger and his pact with the devil

Robert Graham considers the life of Eric Hebborn, who faked Old Master paintings on a grand scale and made monkeys out of art 'experts'

our old Eric Hebborn, the self-confessed art faker of the century. As his coffin was being slotted into the cemetery bank outside a village in the Abruzzi mountains, a Rome magistrate was saying his death was a case of

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This was in January. Since then the magistrate has been noticeably silent. The affair seems to have reached that nebulous stage, familiar in so many Roman investigations, where a case once opened cannot be closed yet no one has the energy or the facts to take it for-

The 61-year-old artist died from head injuries; but the murder theory looks flimsy. Hebborn was in poor health; he drank heavily and usually walked with a stick. Most probably he fell on slippery cobbles, and could even have been hit by a passing car or motorcycle as that part of Rome's Trastevere where he lived is hazardous for pedestrians. Death was accelerated by being first treated as a drunk vagrant and then shunted from one hospital to

There is a temptation to see poetic justice in such a sudden, and perhaps violent, death. After all, Hebborn over the years had hoodwinked almost every expert in the small world of Old Master drawings. On his own admission he off-loaded at least 1,000 of his "new Old Masters" on to the market, which found their way into prestigious private collections and the best museums.

Hebborn was undoubtedly guilty of deception on a grand scale. Nevertheless, he was an extraordinarily accomplished artist and deserved an and less sordid. No one before him has shown an ability to produce convincing work in the manner of so many different artists spanning so many centuries. His new Old Masters went from Maniegna through to Augustus John, with a special penchant for the 17th century. He had studied the Old Masters' drawing techniques so carefully that he claimed to know the speed of individual bands; and he once told me Dürer was the only artist he could not imitate.

Now that he is dead the mythmaking is likely to begin. Already Philips has catalogued a drawing -"Eric Hebborn (1934-95) after Pontormo" (getting the date of death wrong in the process).

And his autobiography, Droson to Trouble, The Forping of an Artist, has been reissued by Mainstream-Publishing (£17.50). When first published in 1991, it seemed part of Hebborn's own myth-making pro-cess. The story, laced with mischieof a boozy after-dinner yarn. Though a selective and self-serving account, it threw a fascinating and disturbing - light on the mysteries of the art-dealing/collecting

Why does such a talented artist divert his energies to produce new Old Masters? In Hebborn's case the





Above: Eric Hebborn: on his own admission he off-loaded at least 1,000 of his "new Old Masters" on to the art market. Above right:

answer starts with a miserable the famous Leonardo cartoon childhood in London: a cruel mother, removed to borstal aged eight and from then to foster homes until art school. Having had such an awful childhood, he was ready to embrace hedonism. His enormous facility for imitating Old Masters provided him almost immediately with the funds to enjoy himself. it

was an easy pact with the Devil.
His liberating experience was being a scholar at the British School in Rome, just when the eter-nal city was embarked on the era of La Dolce Vita. The sensuality, the light, the sense of the antique and a assionate homosexual affair made Rome irresistible. After this, Hebborn had only a brief interval in London before returning to Rome and its environs which became his adopted home.

Although he regarded himself as a serious original artist and was particularly proud of his sculpture. his autobiography begins with a prologue recounting a tale of one Vincent Van Blank (sic) who is uncovered as having faked a Leonpainted the Leonardo to avenge myself on the ignorant critics who failed to recognise my genius."

Much of what he subsequently recounts bears out the motivation of revenge. The Van Blank tale is also tantalising in the light of Heb-born's confession to a television crew that he completely "restored"

bought from the Royal Academy by

the National Gallery in London. From the outset the commercial side of his activity loomed large. He dealt in prints and drawings under the name of Pannini Galleries, first in London and then Rome. The more he discovered be could pass off his "mischief", the more he became addicted to his chosen trade. He set himself high stan-

Hebborn understood the importance of attribution and the vanity of experts

dards. His basic rules were: sell only to experts or those buying on expert advice; charge no higher price than one's own work unless the buyer established the price;

Unlike previous fakers, Hebborn understood the importance of attribution and the vanity of experts. He provided the clues, including faked inscriptions and forged collectors' marks; but he let the experts decide. He even left a "Corot" drawing with Colnaghi's for more than three weeks for their experts to study

(and accept). These procedures con-veniently saved him from classification as an outright criminal.

In artistic terms, Hebborn got away with this because he really knew the artists be was imitating. He challenged Bernard Berenson's view that a forger always betrayed certain contemporary mannerisms, and that he could never penetrate the artist's mind and world. He would study drawings exhaustively and then produce a "development". Thus, in one sense, his work was

always original.
Indeed, he convinced himself there was no such thing as a fake, merely a fake label, that is a Corot instead of a Hebborn. The exhibition staged by the British Museum on fakes was entitled Fake?, he observed. He further rationalised his activity by the knowledge that great painters whom he aimired, such as Michelangelo, had also cop-ied. Vasari says Michelangelo had even kept the originals and given away his copies.

Hebborn regarded creating "in the manner of an intellectual and possessions was a Bassano fragment of "the animals entering the ark". To this fragment he added, after scrupulous study, what he imagined should have been the remainder of the canvas. The sole give away was an impish monkey in a corner to remind the cognoscente of Hebborn's monkey-business. Since the experts earned their living distinguishing the genuine from the fake, Hebborn believed he was entitled to pit his wits against theirs. The villains were not the experts, for whom he had a soft

spot, but the dealers.

For all his talent, his self-justifice. tion and generosity with friends, however, one cannot obscure the fact that he deliberately deceived people who trusted him. His friendship with Anthony Blunt, keeper of the Queen's pictures with whom he stayed when in London, lent him an aura of credibility.

In spite of being unmasked at the end of the 1970s, Hebborn continued his new Old Masters for another decade relying on unscrupulous middle-men. But his autohiography was for him an attempt, albeit boastful, at catharsis.

He then sought belatedly to return to original work but he discovered that he had imitated others for so long that he had no firm style of his own. He was thus left with a return to the label of faker and produced last year The Faker's Hand-book for an Italian publisher – an

his trade to aspiring opera singers. Yet whatever his nemesis, Hebborn cared deeply about art. No matter how many red faces he left among the experts, many of his falsifications were so intelligently conceived that they contribute to rather than detract from - the study of the artists concerned.



## Citizens who are failing to be paragons of virtue

Edward Luce on attempts to alter Singaporeans' 'Stone Age behaviour'

once compared Singapore to Disneyland with a death penalty". In the light of the government's decision to promote "gracious living" in Singapore, the author's remark might strike outsiders as prescient.

The latest morality campaign, which, it is thought, will get into full swing later this year, follows hard on the heels of a string of publicity drives Singaporeans have been bombarded with since indepen-

Singaporeans have been exhorted to smile more, litter less, show more courtesy to strangers, give up smoking, combat obesity among children, sat less at buffet lunches and, most consistently of all, promote caring family values.

Passengers on Singapore's underground are confronted with billboards of couples gazing soupily into each other's eyes, families sharing a joke with intimate togetherness and healthy schoolchildren beaming vacuously at the world. Television ensures that Singaporeans do not forget the mes-

sage once home.

Nor do the city's taxis and buses get off lightly. Indeed, it seems almost anywhere the Singaporean casts his glance a stylised paragon of the virtuous citizen grins cheesily back.
Disneyland's personnel department clearly has a fight on its

A government-sponsored handbook called Our Family Book neatly captures the tone of the family values campaign. The book, which contains pullout family-member-of-themonth certificates for displays of kindred virtuosity, is an illustrated dialogue of how

families should behave. Very often Mum and Dad would join in the fun. That day Daryl and Elizabeth had chosen to do some "Creative Art" exercises. "Right Da," started Daryl, Da' being his nickname for his little sister, 'darling' in short. "Write the letter 'G' and change it into the drawing of a tele-

"Easy-Peasy," Elizabeth responded with a wide grin on her face, as she began to transform the letter 'G' into a rather cute looking telephone. "Mum, Dad," Daryl called out excitedity, "Look what Da did! It's very nice!"

Da and Daryl are then petted by their loving parents and encouraged to draw up a list of family duties. The adoring children colour in the phrase: "Be there whenever Mum needs us and obey her always."

Dr Chee Soon Juan, an opposition member of parliament who was dismissed for incompetence from his position as psychology lecturer at the University of Singapore shortly after being elected in 1992, says that the government is barking up the wrong tree. "We have had these incessant campaigns for as long as I can remember," he said. "Somehow we have learned to become deadened to them. We see it as just another facet of our lives with which the government wants to med-

A brief flick through the gov-eroment's annual Marriages and Divorces handbook suggests that moral marketing might not be as effective as others claim. According to government statistics the divorce rate has almost doubled since 1980 to around 10 per cent of marriages. Although it has dropped slightly since 1990 the trend suggests that even the slickest publicity drive cannot prevent a bad marriage from

ister for information and arts, makes it clear that he has had his fill of such scepticism. The splintering of the western family leaves the government in no doubt that it is right to Stone Age. encourage Singaporean society to strengthen its moral values.

"Within a generation things in the west have declined," said Yeo. "Many in Singapore wish Britain [could still be] what it was in the 1940s and the 1950s - a more bonest soci-

Singapore is so

worried by bad behaviour that politicians have said the state cannot call itself fully developed

Singapore, he continued, cannot afford to drop its guard for a moment. "Like the weeds in any garden there is no day when you can rest. It's just part of the landscape," he

One weed which has been causing particular concern to the island state's eagle-eyed elite recently is the popula-tion's lack of "graciousness". So worried is the Singapore government by the public's tendency to be uncouth that politicians have denied the island state the right to call itself fully developed. With a per capita income of

\$24,000 - almost 50 per cent higher than Britain's - this reasoning has baffled some methodology in his new year's day address: "We still have a long way to go before we mature as a gracious society...Some Singaporeans still behave as if they are in the "They litter the common

areas, or park motor vehicles indiscriminately. They vandal-ise library books. They pilfer or damage orchid displays in the Botanic Gardens...We still have much to do to catch up." Whether Stone Age man

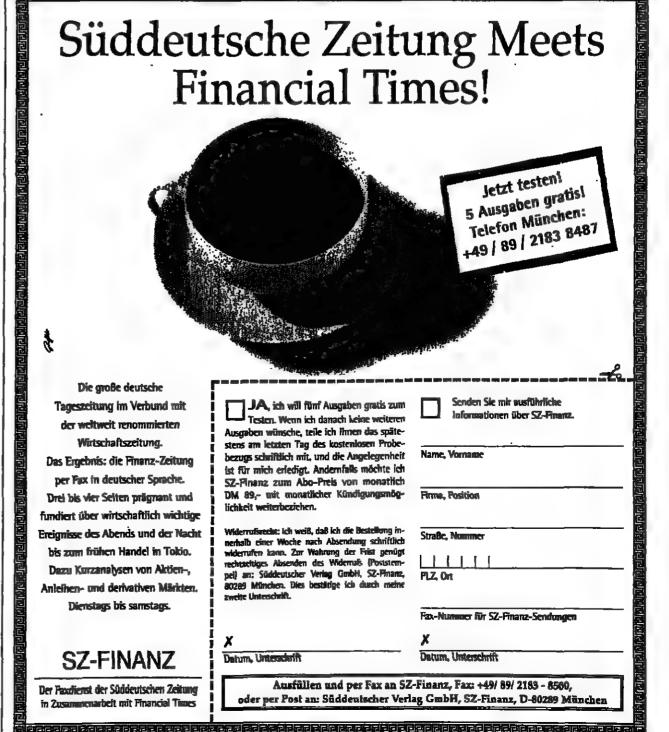
tended to park his car indiscriminately or not is a matter for debate. One thing, however, which most Singaporeans seem to agree on is that their social behaviour has not yet caught up with their economic achievements. The island state is now readying itself for

another publicity blits.
"I think the campaigns are quite effective," said one PR consultant. "We cannot afford to be complacent."

Back at the typical Singaporean home, family values appear to be strengthening rapidly. The birth of a third child, Veronica, has brought the members closer than ever before. Mum and dad have decided to reward the children for behaving in an exemplary manner while mother was in

Dad: Besides giving us so much joy and love her birth has also given us golden opportu ties to understand and practise family values. Because it is so important to practise these values Mum and I have decided to have a fun-filled and meaning-ful family competition each month called Family Member of the Month award."

The children were very familiar with such competitions as the family had had numerous similar ones in the past. For Goh Chok Tong, Singapore's this award, however, everyone George Yeo, Singapore's min- prime minister, spelt out the knew there would be no losers.





## becomes an entirely glamorous entity

Crisp rather than sweet, and definitely not a blouse, the shirt has usurped the twinset and taken the place of a jacket. Karen Wheeler reports

sober item to be worn under a tailored suit to the office. Ever since Gucci showed slim-fitting, 1970s style shirts in teal blue satin over velvet hipsters last season, the shirt has become a big fashion

Worn over narrow trousers or an A-line skirt for day.

his summer, the organza or stretch satin for shirt is not just a evening, the shirt is the cornerstone of summer's fashionably simple look.

It has certainly usurped the cropped twinset as the thing to wear with capri pants; and in some cases is even asserting itself as a more comfortable, hot weather alternative to the tailored jacket.

The key thing to note is that this season's shirt is crisp rather than sweet - with clean

lines and a neat, pointed collar rather than foppish flounces, pie-frill necklines or Peter Pan collars. It should not be confused with the knitted cotton polo shirt which is undergoing a revival. Nor is it to be mistaken for the baggy, oversized shirt, for long a favourite over

This shirt is an altogether more glamorous entity. It comes in striking colours and interesting fabrics and textures. Fitted and body-hugging (to the point of looking around the shoulders and is flattering to women of all ages. Ideally, it should be worn with the top two buttons undone and, if not a hint of

Do not turn your nose up at man-made fibres; an obviously polyester shirt is perfectly acceptable

cleavage, at least a glimpse of collarbone.

The fitted shirt is not as impractical or as uncomfortable as it sounds. Thanks to the addition of that magical ingredient Lycra, it does not constrict or inhibit movement. These skinny fitting styles

tuck under the waistbands of

trousers or skirts, sit neatly

under jackets and allow you to Stretch silk satin or cotton are the most popular fabrics, closely followed by silk jersey or shantung. (Incidentally, this

is no time to turn your nose up at man-made fibres; synthetics are big fashion news and an obviously polyester shirt is now considered perfectly At Equipment, the fashion-

able London shirt emporium where you can currently find everything from shirts in vibrantly coloured satins to intensely coloured floral prints there has been a substantial increase in sales in the past few months. (Note that even something in delicate floral chiffon is now referred to as a shirt. The word blouse has fallen from favour and is used only by Marks and Spencer.)

In recent seasons, the shirt has been overshadowed by the popularity of knitwear - in particular the twinset - and the close-fitting jacket. So it is significant that

Equipment is once again buzzing with customers. Whereas before, people mixed and matched with their existing wardrobe, they now just buy a shirt (or shirts) for the sake of it - "as a single statement, as opposed to something to coordinate with a whole wardrobe," reports owner Joseph

The best-sellers are fitted silk-jersey shirts which come in a variety of colours and styles - in particular a shortsleeved shirt with breast pockets and epaulettes. Younger customers are wearing their shirts tight and fitted in silkjersey, whereas older Equipment customers will buy the classic silk shirts "which are generally a looser cut any-

way", says Ettedgui. While the brightly coloured. slim fit shirt is at the forefront of the shirt revival, it is not by any means the only style that is fashionable. This season they range from mannish short-sleeved military styles to the overtly feminine. Cropped, short-eleeved, 1950s styles with neat collars in gingham checks or splashy florals are also very

Although much depends on the style, the appeal of the shirt is that it is extremely versatile and can be worn in a number of ways. The cropped, short-sleeved shirt could quite easily be layered over a shift dress or a shell top instead of a jacket. It covers up bare shoulders (still frowned upon in most offices), can look quite business-like but is infinitely more comfortable than a tai-

lored jacket. MaxMara's short-sleeved shirt in soft suede, for example, lends itself very well to this, while Nicole Farhi's luxurious, copper-coloured, Madras check silk shirt can be worn buttoned up over capri pants or white jeans for a casual look but is a dressier option when worn open over her hennacoloured, crinkle column dress.

The impact of the shirt often lies in the simplicity of the look. What could be more pared down and perfect, for example, than Jil Sander's crisp black cotton shirt, sleeves rolled up above the elbow, several top buttons undone and tucked neatly into the waist- design boldly printed with shirt in polyester shantung.

Top row, left to right:

Walipaper print, cap-sleeved,
waisted shirt in stretch satin cotton,
£89.95 by Karen Millen, 17-19 Neal Street, London WC2, (stockist inquiries: 0171-622 664032). A good shirt for

■ Blue paintbrush stripe shirt in glazed allk chiffon, £330, by Gucci, 33 Old Bond Street, London W1, (tel: 0171-629 2716). Another hit from Gucci, this shirt has been widely copied. Perfect for evening, it looks very Riviera chic with slim trousers but because it is sheer it needs a vest top or camisole underneath. Also available in pink/ orange/white colourway.

Liberty floral print shirt in pure cotton, £49.95, at Liberty, Regent

Street, London W1, (inquiries: 0171-734 1234). Traditional Liberty style prints are set to become very fashional although it is a shame this shirt does not come in a more fitted style.

■ Turquoise/white gingham check. short sleeve shirt in viscose/acetate, £24.99, by Esprit, (stockist inquiries: 0171-240 6969). With big buttons, this shirt looks very crisp and could be worn casually over sikn trousers or with

skirt suit to the office.

■ Bronze madras check short-slee shirt in pure silk, £149, by Nicole Fartii, 158 New Bond Street, London W1, (stockist inquiries: 0171-499 8368). This shirt is exceptionally versatile: It could be worn casualty or dressed up for evening and worn as a jecket, open

over a plain dress. ■ Bottom left: Jade green splashy floral print shirt in silk crêpe, £135, by Equipment, 21 Sloane Street, London SW1, (stockist inquiries from Joseph press office: 0171-629 4774). This 1950s-style shirt features a pretty print

and looks good worn over white jeans or capri pants.

Bottom right: Lilac fly-fronted pure cotton shirt, £39.50, by Thomas Pink, 85 Jermyn Street, London SW1, (stockist inquiries: 0171-498 2202). With long sleeves and double cuffs, this is a very traditional shirt but its simple design and fly front make it fashionable. Would

work well tucked into a straight skirt.

Illustrations: Kim Calzie

leather skirt? Plain, fly-fronted styles also has a similar striped design in

suit the mood of modern minimalism. Accordingly, although Thomas Pink insists that its woman's cotton shirt is aimed at a traditional office-wear market, the fly-fronted style. with or without double cuffs, suddenly looks very fashionable indeed. For a more casual look, the

band of a straight, white

shirt knotted at the waist with capri pants or side-zipped, slim trousers also looks good. Against black or white, the effect of a plain coloured shirt in icy green, lilac, bluebell, or pink looks really crisp and clean. The Gap, for example, has fitted, short-sleeved shirts in apple green, hot pink or turover slim capri pants. On the high street, M&S has quoise cotton which are very

good value at £21. Although for now the shirt revival relies on fabric and colour, next to come is the introduction of print

Gingham checks are already popular, as are multi-coloured candy stripes. Gucci has fol-lowed up its successful plain satin shirt with a silk chiffon

paintbrush stripes, and high street stores have followed suit. Warehouse, for example, stretch satin at £34.99.

While garish 1970s-inspired patterned shirts in synthetic fabrics are most likely to appeal to the very young and super hip, there is a growing trend for intensely coloured floral shirts. Liberty style floral prints are about to become very fashionable, and will appeal to women of all ages.

Many of the best designs can be found at Equipment for more than £100. Italian designer Uberta Camerana's long, fitted silk dupion shirt (£199) available from Joseph is expensive but very flattering

some very good designs but these are hidden among a sea of less fashionable blouses and have to be carefully selected. A simple, cropped matt jersey shirt is available in a variety of sherbert colours (£25); there are military style shirts in washed cotton (£21); and a version of Prada's silk shantung

Whistles' long-sleeved shirt in lavender satin (£95) is exquisite, while Jigsaw has fitted shirts in menswear-inspired fabrics, ranging from bold stripes to subtle checks, ginghams and crisp white poplins.

Its masculine stripey blue

shirts (£49.95) look crisp and stylish under navy tailoring. Karen Millen has lace shirts and interesting wallpaper prints in super stretchy cotton/ Lycra, while Agnes B's pink rose-printed cotton shirt (£65) is exceptionally pretty.

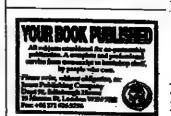
#### ST. JOSEPH'S HOSPICE

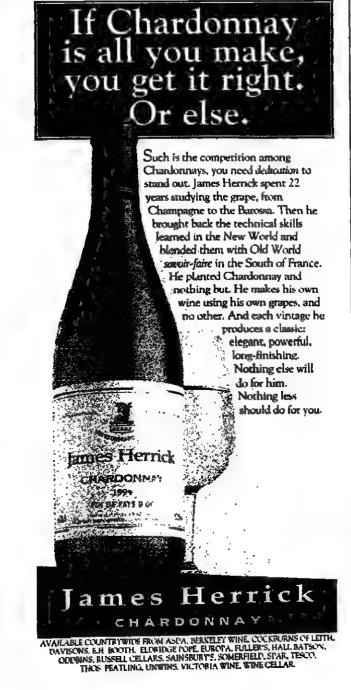
MARE ST. LONDON ES 4SA. (Charity Rel. No. 231323) Dear Anonymous Friends.

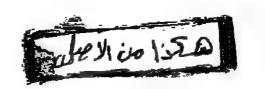
You did not wish your gifts to be spoiled by buman words of thanks. untold relief you silently

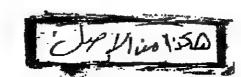
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#### HOW TO SPEND IT

new perfume from Chanel is always an event. Chanel. after all, is the house that and profitable symbiosis between fashion and perfume. Chanel is also the house that with Chanel No.5 has the world's best-ever selling

MAY 4/MAY 5 194

perfume. Now that perfume is such an established part of most women's lives it is strange to be reminded that when Gabrielle Chanel launched Chanel No.5 in 1921 it was then a radical and revolutionary

Until then, although scents were much in favour, the choice lay between a single floral note or combinations of florais. These faded quickly so the fashionable set tended to douse themselves at the beginning of the day or appaining in beginning of the day or evening in order that there would still be some scent remaining by the end. Hence, the outrageously perfumed men and women who people turn-of-thecentury memoirs.

Edmonde Charles-Roux in her biography of Coco Chanel quotes from one of them: "The duc de Mouchy was our nearest neighbor. I always knew when he had walked past on the pavement, because he

left it reeking..." Coco changed all that. When she and Ernest Beaux, the "nose" in Pose Grasse laboratories Chanel No.5 was perfected, developed the perfume, they discovered that by and four small, special ones (Bois

## The sweet smell of an event

Lucia van der Post reports on the launch of Allure, by Chanel, and finds it lives up to the hype

addition of formaldehyde, smaller amounts of it would do. At the same time the complexity of the formula made it mysterious - nobody could quite put their finger on what it was made of.

In addition, Coco, with her intu-itive feel for the shift in the zeitgelst that was in the air, delivered this complex, mysterious smell in a graphically simple bottle and gave it a simple numerical name. Over-night Chanel No.5 gave the old powerful floral scents and their elabo-rate containers "the dishonouring stigms of the outmoded". And so began one of the most profitable adventures that the world of perfume has known.

Today, Chanel is one of only three houses (Guerlain and Jean Paton are the other two) which develops its own perfumes and has its own "nose". All other houses, because of the economic disasters with which olfactory history is littered, use outside perfume-developing houses and employ a freelance "nose".

Chanel's four leading perfumes (No.5, No.19, Coco and Cristalle)



des Iles, No.22, Gardenia and Cuir de Russie) that are sold only in its own boutiques, account for about almost golden touch with perfumes may be that it does not go in for frequent launches - Coco, the last new fragrance to be launched, hit half of Chanel's world-wide profits. the counters in 1984 - and it is only Part of the reason for the house's



now, 12 years later, that it is launching Allure, its perfume for the year 2000.

Those unused to the marketing necessities of the perfume world might assume that what matters most is whether it smells attractive. But you would assume wrong. Con-cepts, marketing plans, names, market researchers, notions of composite contemporary women - this is where perfumes begin and Allure is

no exception.
For Jacques Polge, the resident Chanel "nose" it began with a dream, which he shared with Jac-ques Helleu, Chanel's resident designer, or "eyes". In the dream, Polge dreamt of someone who "was more than just a woman, and though I don't yet know her I'm already crazy about her. She is the very essence of woman, the woman who attracts all eyes, makes all hearts beat faster, the kind of woman a man never forgets."

Conveniently for Chanel, Helleu responded appropriately. "Allure? Mademoiselle Chanel would have loved that. Allure was her ideal, perfect seduction, free from pretension, elegance, free from the dic-tates of fashion and society."

He has doubts that something so mysterious, seductive and elusive can be bottled but Polge sees it as his task to bring it off.

Of course, Chanel is telling us all this, not because it thinks we have a deep interest in Polge's dreams but because it is doing what perfume houses all around the world have to do to sell thousands of bottles of liquid gold – creating an image that will be strong enough, hequiling enough, contemporary beguiling enough, contemporary enough, to impel the woman in search of a new fragrance to reach for the Chanel bottle, rather than its equally carefully hyped

rival. Though marketing companies seem convinced that when it comes to selling scent image is what matters, some of us are old-fashioned enough to make our choices on the grounds of whether we like the

smell or not.

Allure, it has to be said, smells wonderful. It is rich, mysterious, slightly spicy. In offactory terms, it seems Allure has broken new

Whereas classically French perfumes consist of top, middle and base notes, Allure is composed of six equal notes that overlap and mingle with no single essence, spice or scent dominating the others. Like most of Chanel's scent it comes in a simple, clear glass bottle adorned with the famously simple

lettering. It goes on sale in good department stores all around the country from May 20 and prices start at £32 for 50ml of eau de toilette.

## Uncommon scents

Lucia van der Post follows her nose to report on a fragrant venture

Malone was one of London's best-kept secrets. She looked after the skin, offered the treatments, put together the lotions and potions that perfumed and massaged some of the most famous faces in the world. Queens and Princesses, actors and actresses, and countless other women who heard of her treatments flocked to her small salon in Chelsea to put their skins and faces in Malone's tender hands.\*

All Malone's creams and oils, lotions at Christmas. He then continuous and fragrances were developed by her and as a of each month for a year she steady stream of her customers began to ask to buy them to take home a new business grew - the development of complete skin-care and fragrance ranges.

Last year she finally opened her own shop at 154, Walton Street in London's Brompton Cross - a jewel of a shop, exquisitely fragrant, in which advice is dispensed and all her products can be bought.

Next week Jo Malone launches another service which will be welcomed by those who have become addicted to her products (the nutmeg and ginger seems par-ticularly to attract fans - possibly because there is nothing else quite like it on the market

The new service is a send-ascent-direct service. The idea is that those who send flowers or

ot so long ago Jo chocolates as birthday, anniversary or thank you presents might like to consider the option of sending something

fragrant instead. What could be a nicer thank you after a weekend in the country than a bottle of Malone's linen spray? At £22.50 for 100ml it is a terrific present and lasts longer than either flowers or chocolates.

One of Malone's more romantically inclined clients gave the object of his affections an initial present of some of the would receive another of the products. This is the kind of service the shop offers.

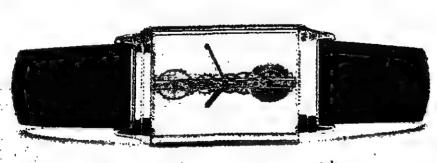
It is as easy to organise as flowers. Simply ring 0171-720 0202 and ask for a brochure which lists all the fragrances as well as the skin-care products. Telephone the same number to order. Prices for sending are identical to the list price but there is an additional £5 sending fee in the UK. To send abroad, the price will be quoted individually.

\* Demand is so great that Malone regrets that she can take on no new personal cli-

mandarin hath oil. £42: mimor linen sprey, £22.50.





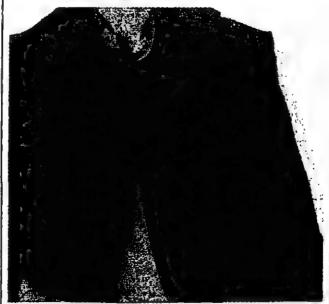


Golden Bridge a transparent watch. The 18 carat gold movement encased in pure white sapphire. Crafted and engraved entirely by hand.



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### Gandhi's inspiration



hadi cloth, as anybody who has ever foraged in the Khadi Shops in India will know, is the hand-spun, woven cloth that Gandhi so effectively

From the Egy collec

offering the combination of a moral and a commercial purpose and to this day it is on sale in every hue and colour at astonishingly low prices.

persuaded Indians to weave at

Now Egg, Maureen Doherty's idiosyncratic shop at 36 Kinnerton Street, London SW1X 8ES, is selling a collection of traditionally inspired Khadi clothes. Perfect for summer there are jackets, waistcoats, dressers and trousers, all handdyed in small batches, some in bold bright colours (as here), others in more sophisticated

neutrals. Prices start at £60. L.v.d.P.



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## The art of Italy made easy

Antony Thorncroft enjoys some of the world's masterpieces

ing to get into the Uffizi this miserable four hours, and proposals to tax each coach approaching the city a mighty £40, Florence is becoming less

and less appealing.

Does it matter? Close by Florence is a clutch of smaller. equally attractive, cities which offer comparable (almost) artistic masterpieces, from paintings to pulpits, with minimal hassle. The discerning tourist can rave over Lucca and Pisa, Prato and Pistoia, and hardly regret the loss of the Tuscan

The even more discerning tourist can take most of the hassle out of absorbing Italian culture by employing a guide. Traditionally these were shabby fantasists with the look of retired postal clerks: now they tend to be Oxbridge art historians, with a thesis to sell. Simply Tuscany, the holiday company, employs Richard Chaney for its Art & Architecture tours, who, even in his mld-40s, is maturing nicely into the crusty, opinionated,

To allow more scope for his opinions, and those of the other tour members, Simply Tuscany offers accommodation as a guest in a converted farmhouse north of Lucca. In the evenings there is no escape from your fellow art addicts but since they are all likely to share the same world view this becomes unimportant.

The slothfulness and security of dinners spent around a well-supplied table half way up a remote hillside is a better climax to a day's surfeit of Churches than wrestling with menus and mattresses in one of Italy's often forbidding

hotels. Chancy has the temerity to browbeat Italy's notoriously obstructive museum guides. One of the highlights of the trip is a tour of the Medici villa at Poggio a' Caino, built by Lorenzo the Magnificent in 1479 (well before Palladio) and the first holiday home to be created for over a millen-

This year the villa decided to close on the middle Mondays of each month. Chaney spoke and we were allowed into this mag-nate's dream of pleasure, with a frescoed main salon which

ake Garda, seen from the yacht club gardens of Riva,

tains draw apart, disclosing

a calm surface. The narrow end of

the lake is in Trentino, which a few diehard Austrians still call Südtirol.

Farther down, where it broadens,

like a stage set. Moun-

ith the waiting to get into any contemporary, and most

later, rulers. Chancy has a passion for pulpits. In Pisa the leaning tower (closed and still giving cause for concern) hardly got a mention alongside two pulpits, one carved by Nicola Pisano in the Baptistry and another, by son Glovanni, in the cathedral.

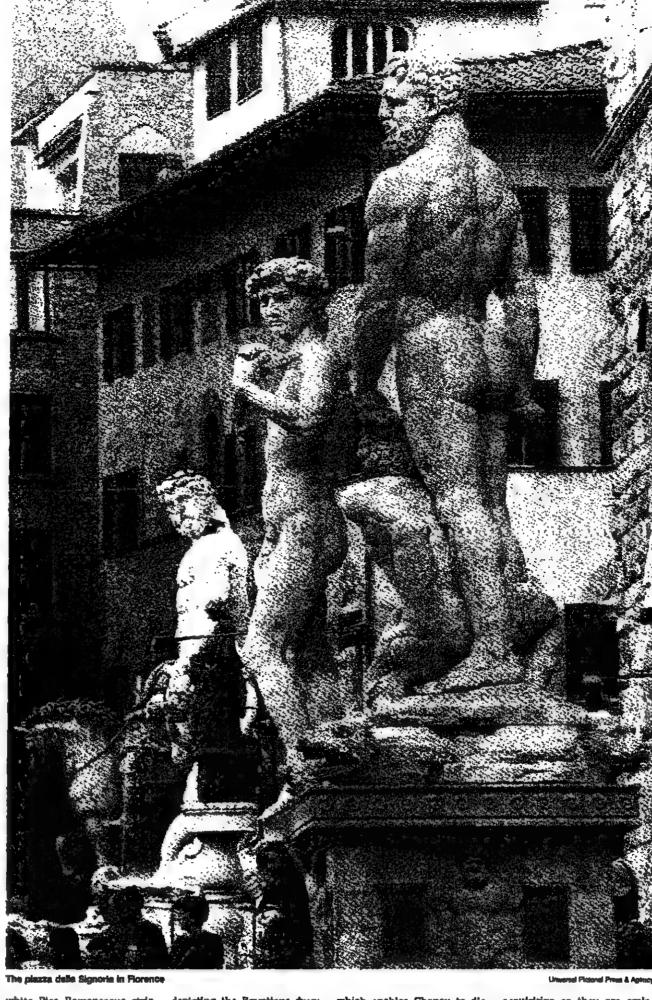
There is not much to Pisa apart from the Campo del Miracoli But any tourist taking advantage of the special discount for visiting two of the architectural masterpieces in the Campo should include the under-stated Camposanto, where the medieval dead were buried in special soil imported from Jerusalem, which rotted the bones in 24 hours. It is surrounded with frescos describing the mild pleasures of heaven and the gory miseries

With Pisa under the belt, the traveller can concentrate on the more appealing Lucca, Like the other cities it holds Florence in disdain. Unlike the other cities it has good reason. to: it was never conquered by its mighty neighbour. Indeed it was never conquered by anyone until Napoleon lapped it up. It was the only Italian city to flirt with Protestantism, and sheltering inside its intact Renaissance walls - employed as a jogging, cycling and strolling circuit for Luccanese - it still cocks-a-spook at its rivals.

Lucca is worth a detour for one work of art - the tomb of Ilaria del Carretto by Jacopo della Quercia in the Duomo. which Ruskin described as in Italy".

There she lies, dead at 15, fixed in milk-white marble, her dog at her feet, as serene and breathless as a Raphael Virgin. She is the salvation of a dark. restless, superstitious-feeling cathedral, only redeemed by the sculpted strip of the labours of the mouths on its portico which offers a peasant's eye view of medieval life.

The charm of Lucca is the variety of its attractions. One square is recognisable as the Roman amphitheatre, transformed in the 19th century into a circus of higgledy-piggledy houses but preserving the outline of the arena. In another the crowds, from children at play to old men in serious gossip, gather beneath the facade of San Michele, in its black and



white Pisa Romanesque strip. layer upon layer of painted and twisted columns rising like a

The Luccapese never got around to building the nave at the rear, but the façade was cutely embellished in a 19th century restoration, with a portrait of Napoleon III among the

The early church of San Frediano, with the 13th century mosaic on the exterior which opened the eyes of Ruskin to the genius of medievalism, is crammed with memorials. including the mummified corpse of San Xita; a splendid tomb containing the bones of a mythical king; and a font. depicting the Egyptians drow-ned by Moses as fully kitted out Norman knights.

Lucca has medieval treasures but it also has smart shops and a charming museum devoted to its most famous son, Puccini. This is located in a homely top floor flat, and contains early costumes from Turandot, the Master's piano, and his wavering last message which translates "Elvira poor wife, it is finished", all set off with taped music.

Nearby Pistola has a superb central square, bounded by a cathedral, baptistry and two palaces, and the early 15th century Ospedale del Ceppo, with its frieze by Della Robbia. which enables Chaney to discourse on the usefulness of a belief in purgatory to fund.

sophisticated medical service. Prato, the centre of Italy's textile industry, is the overlooked star of north-west Tuscany. Drive through the endless suburbs into the old town. Here all is calm and charm and the picturesque, notably the cathedral where three times a year from the exterior pulpit isculpted by Donatello with the original panels in the museum: the bishop displays the Girdle of Our Lady, the great treasure of Prato and the town's appeal to medieval pilgrims.

■ Simply Tuscany Umbria. The people of Prato are as

acquisitive as they are amia-ble, and if you wish to honour the father of modern capitalthrough charitable works, a ism the house of the merchant of Prato, Datini, who in the 13th century perfected accountancy and made a fortune, is open to view.

There is no slacking on this tour: you are there to enjoy art not window shop. But there is pleaty of time to unwind in the evening, talking about gardening, education and feminists in art history, all the favourite topics of the English middle classes, in the farmhouse up the mountain.

598-603 Chiswick High Road, London W4 5RT (0181-995 8377). a restaurant.

## A Piedmont' lunchtime

Kieran Cooke tipples and tastes

Talerio Sacco took off his sweat-stained hat and peered into his glass. He swirled the red wine around, like a priest washing the chalice. Important matters were being discussed. The trouble with us old

ones," said Valerio "is that we like our wine old. But the young (fingers and thumb are joined together, hand is gently rotated) they like it now, straight off the vine. Of course some know the beauty that comes with age. But others they are impatient in work, impatient in love and with their wine.

Apart from a sage nod, I make no reply. The atmosphere is rendering speech irrelevant. Late morning in the village of Madonna Di Como, high up in the Piedmont hills, home of some of Italy's great wines. The vats of the small family firm of Tenuta Lan-gasco stretch down each side of the cantina. Home made salamis hang in the corner.

Guiseppina, Valerio's wife. brought fresh glasses for another tasting, Lorenzo, Gui-seppina's 88-year-old father, a short weathered man with jug handle ears and hands like hams, hovered around, his face breaking into an indulgent smile as the visitors nodded approval at each new sip.

At 9am we had opened the shutters in the nearby town of Alba and watched the magnolia tree below shedding its heavy white flowers. At 10, we sat in the Antico Caffe Calissano in a corner of the town square, had coffee and, since it seemed the right thing to do, ordered a glass of the local dry Arneis white wine,

In the nearby cathedral of San Lorenzo a group of elderly penitents said the rosary, their voices rising and falling like bees in early spring. And now wine tasting. Obviously it was going to be a hard day. Valerio once worked at Flat

in Turin, Guiseppina at Pirelli. In 1980, after running a restaurant in the city for a few years, they returned home to the Langhe hills around Alba and bought Tenuta Langasco. Vines were replanted, the hills

There are few tourists in the region: only some rather lonely Swiss. Oddly, they travel all the way to Piedmont to build at home.

It is beautiful but hard country. It took sweat to produce the full-bodied Dolcetto and Barbera reds and the delicate Moscato and Arneis whites at Madonna Di Como.

Farther down the valley are the hazelnut orchards, hectare after hectare. Most of the nuts go to feed the local chocolate factory, one of the region's big-

gest industries. We are pressed to stay for lunch. But we have to see a man about a truffle or two. Alba is a centre for the delicacy. Every October Alba holds a truffle fair, launched by a chaotic donkey race around the town. Gian-Maria Bonino manages one of the largest truffle companies. We meet in

There is nothing mean about Piedmont cuisine. The antipasto arrives in stages, attacking you with one tasty fusil- " lade after another. First, a few slices of salami and prosciutto. Next, a helping of raw sausage and some veal carpaccio followed by slices of spinach omelette, asparagus in olive oll and a spoonful of salad. Poor foreigners do not know when to tell the waitress to stop.

The next course is pasta or rice. I chose risotto and Barolo wine. Gian-Maria talks of the truffle hunters - the trifolao in local dialect. No snorting pigs round here. Dogs are used to sniff out the truffles from under tree roots. They work mostly at night, for secrecy's sake. I wonder whether truffle dogs have names like Spot or Rover. Cross breeds are the best says Gian-Maria. They are



There is talk of truffle prices. Gian-Maria becomes confidential. It is a very competitive business. Truffles are like gold dust, with prices altering each day during the season. I have images of truffle rustlers and local history books with head-ings such as "The great white truffle war of 1753"

However, many details of the truffle trade escape me. Just when the battle at table appeared over, the main course arrived: thinly sliced calves' liver with herbs and onions. My defences were down. The massed legions of the Italian culinary army launched a devastating assault. The stomach shouts for help, the brain grows distracted.

Gian-Maria has cleared his plate. He says Piedmont desserts are famous. One first has a little cheese. Some Castelmagno - the king of the local cheeses - or a fat slice of Gorgonzola. This is safely tucked away and then it is on to the panna cotta or hazelnut cake and the bunet, almonds in egg custard

Coffee and grappa are served along with brutti ma buoni. a teethbreaking selection of hazelnut petit fours. By this time the white flag had been boisted. Valerio and his wine and Gian-Maria and his truffles had defeated me.

We came out into the Easter sunshine. A priest strolled by licking a large, pink, ice cream. It was all just a little overwhelming.

Alba is in southern Piedmont, about 11's hours drive, train or bus ride south of Turin. The town is about 25 hours south-west of Milan.

## The simple and the sophisticated

**Leslie Gardiner** discovers the riches of Lake Garda and Trentino

you have Lombardy on the western shore and Veneto on the eastern. A few miles away, on your right, aromatic shrubbery falls to the water's edge. That is Limone where lemons, the lifeblood of so much of rural Italy, were first grown. Or so they say. Between Limone and other swallows'-nest villages of the Garda shore you glimpse an amaz-ing corniche. On the map it is the obvious route to Brescia and Milan. In reality it is a blinding succession of tunnels and sunlight, so hazardous that a one-way system unoffi-cially operates, that is southbound traffic am, northbound pm. Even so, there is always a chance of meeting a 16-wheeled truck-and-trailer thundering out of the dark or the glare.

On your left you see down the lake as far as Malcesine. Mist hides the camping parks. The crags and watchtower above look much as they did 500 years ago when a Venetian admiral had a flotilla of warships towed up the Adige river, dragged by oxen over the mountain and re-launched at Malcesine. They were his secret weapon in the struggle to drive the Lombards from the lake. It took three months to transport them and in three hours the enemy had sunk them all or driven

them asbore. Today the aquatic action is recreational. Every morning from the shingle beach between Riva and Torbole, the breeze takes hundreds of dinghies and sallboards down the lake. Every afternoon without fail the breeze brings them back - just as well, because many craft are

Land breeze and lake breeze combine to make this northern shore of the Garda the busiest sallboarding centre in Europe. I might have been among them, but a chance word at a drinks party put me instead on a literary trail.

It was in Riva that Franz Kaika, then aged 50, already known to a few as a profound and original writer, discovered sex and its disenchantments - "coitus as punishment for the happiness of being together" as he puts it. And "that girl from Riva" crops up in his diaries of later years. The yacht club secretary says: "All I can discover is that at Riva he had a mysterious girlfriend, one he never named and

Sophisticated Riva, with its maritime air, gardens, schloss-like hotels and steep streets lined with fruiterers' and fishmonger stalls, shares the tip of the lake with Torbole, an unassuming sandstone village with a few lakefront fish restaurants and a skein of alleyways in one of which Goethe once lived. We are staying in Torbole at the Club-Hotel Vela (modern, bijou, hygienic, must book in advance).

Torbole is a rarity among lake resorts; people go to bed early, discos are not heard and the bars and restaurants close at about the time you would expect them to open.

The painless route to these resorts, the A22 Modena Trento-Bolzano-Brenner motorway, crosses and recrosses the ice-blue Adige river and climbs steadily towards ever-narrowing valleys and ever-

taller clusters of rocks. For Torbole and Riva, turn off at



ne Gardacee Skaligerburg: the fifthy burge of Kulka fame would not now be admitted to tidy Trentino

Rovereto and pause, if you can face tria, along the Piave, Isonzo and some stiff pedestrian stairways, to study the first world war memorabilia in the military museum. They fell the story of Italy's cam-

Tagliamento rivers - the war of Hemingway's Forewell to Arms. Near Rovereto you meet the first Trentino vineyards amid small paigns against the old enemy. Aus-

mountains, where claret-type reds are produced. For several centuries the Trentino growers have had links and exchanges of stock with the growers of Bordeaux, I have lakes and gentle slopes ringed with seen Trentino's Teroldego in British something more elaborate - and

supermarkets, but not Folaneghe or Sorni or the Marzemino, recommended in the last act of Mozart's Don Giovanni.

Almost everywhere in this region, road travel demands cool heads and sharp reflexes. It is a land of precipitous mountain groups, offsboots of the Dolomites, great winter sports country, split by forested canyons and torrents. Roads are narrow with steep gradients and tunnels. Local people will not fail to remind you that under Austrian rule there were no roads at all. It took Italian engineers and navvies to open up Trentino.

Now and again, under the sheltering crags, your road dips down to lemon orchards, even olive groves. and meadows choked with flowers as in the Impressionist landscapes. We stayed a couple of nights at

Molveno, population 2,000, height in feet about the same. The shores of its small lake are crammed with the wild plants of home, jostling for elbow-room with Mediterranean and Alpine flora.

A by-law permits you to pick five flowers a day, no more. You may gather mushrooms on one side of the valley on Mondays, the other side on Thursdays. The environment of Trentino is well guarded.

These embargos on the fruits of the earth did not seem to hamper our chef: mushroom risotto, quails cacriatore, forest strawberries and lake trout were everyday fare at the Molveno hotel, which was little more than a guest-house with geraniums in window-boxes and a garden of roses and lavender. For

expensive – you had to go to Riva's 🧖 Hotel du Lac or Trento's Chiesa restaurant. Molveno lies on the route to the

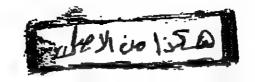
ski slopes but Trento, the regional capital, a few miles east, has a snowy mountain all to itself, Bondone, 6,000ft. Its downhill run is said to have been the first in Italy. Trento is a peaceful and wellconducted city, sprawled under the

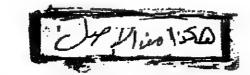
mountain and under the benign gaze of the Buonconsiglio fortress. The name Good Counsel recalls the ecclesiastical landmark of 1545, the Council of Trent. Cleanliness is next to godliness: the frescoed facades of Via Belenzani invite graffiti. but there are none. At the end of a summer day in

the central square, where fountains, children and brass bands have been playing and the townsfolk gossiping over iced drinks and macedonic of fruits, you see very little litter. The filthy old sailing barge of The Hunter Gracchus of Kafka fame would not now be admitted to Trento - or any part of Trentino.

Castles such as Buonconsiglio, massive and complex with vast galleries and frescoed chambers, occupy commanding heights over towns and villages. You need an hour or more to inspect Beseno or Stenico. Others, such as Toblino. dip their toes in a lake and call to mind Eilean Donan in the Scottish Highlands. Money has been lavished on them and today they work for tourism with concerts, courtyard drama, banquets and son et lumière. Last year they had a special train, with costumed guides and piped madrigals, to trundle the castles route. Perhaps this year the experiment will be repeated.

For information on all tourist matters contact English-speaking Dr Patrizia Tartarotti, Azienda per la Promozione Turistica, Via Sighele 3, Trento (TN) 0416, Italy.





TRAVEL

Next stop, the Sahara Desert

les and tastes

none of thems mean about the annual state of the state of 25ty feet

mad, and Adjutant Lejaune, in tienede are is the hollow of whose hands were our lives and destinies, was a great deal more than a

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## mont time

MAY 4/MAY 5 1996

ravelling through the hot, rocky land between the mountains of the Anti-Atlas and the Sahara Desert, I started reading P.C. Wren's Beon Geste. An improbable tale of the Foreign Legion, it is a cracker of a story, if you go in for such

things as sand-storms, fatigue, fever, desert bloodshed, mindless gallantry and various other excesses of adolescent literature from the imperial age. "Cafard was rampant," I would read over suspended forkfuls of cous-cous in iso-lated villages. Everybody was more or less abnormal from frayed nerves, resultant upon the terrific heat and the monotony, hardship and confinement to a little mud oven of a fort; many men were a little

Adjutant Lejaune sounded like a Club Med social director from hell, and I was glad I had not come to tour southern Morocco with the Legion. But now, sitting besieged in my air-less hotel room in Tafraoute, I began to feel like Beau Geste's heroes. I, too, was suffering a

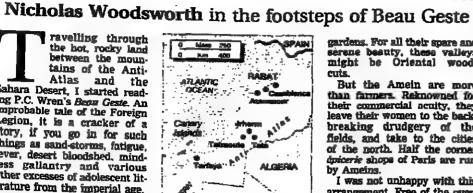
little from the dreaded cafard. It was not the accommodation that was fraying my nerves. It was not the heat. It was not even the endless plates of cous-cous. It was, in the best Beau Geste tradition, the

waiting Touaregs outside.

Travel where you will in this
part of the world; wherever the Michelin Guide has awarded a star or two, and wherever the visitors - mostly French arrive in tour buses, there the Blue Men of the Desert, the Forgotten of Allah, wait in silent ambush.

In the old days, according to Wren, the Touareg swept down upon unsuspecting desert traveliers and, bent on pillage, put them mercilessly to the sword. These days it is worse. Still bent on pillage, they leave their victims alive to suffer the rolonged torture of touting, cadging, propositioning and all other manner of unsolicited

Are the persistent men in sides into terraced, irrigated



blue veils and robes who trail after tourists in the streets of Tafraoute really Touaregs? I doubt it - desert bandits have more dignity. Where, I wondered, poring over a map after a pesky evening, could I find a desert refuge where I did not need the loopholes of a mud fort to gaze out from? Then my eye fell on the oasis

MAURITANIA

The Touareg used to put travellers to the sword. These days it is worse

town of Tata. It is not given a star in the Michelin Guide. It is not even listed. It seemed a good place to head for.

As the proverbial crow flies, Tata lies only 90km east of the spectacular red rock mountain bowl of Tafraoute. But as the rented Fiat Uno bumps and scrapes, it is a great deal further, so rugged is the terrain in the Anti-Atlas, so poor some of its tracks, that I ended up having to zig-zag my way across the range twice.

I did not regret it, for this is a breathtaking land. From Tafraoute the road wound its precarious way through the valleys of the Amein tribe, Berbers who have transformed their homes into red other fortresses and their rocky hill-

HOTELS

gardens. For all their spare and serene beauty, these valleys might be Oriental wood-

But the Amein are more than farmers. Reknowned for their commercial acuity, they leave their women to the backbreaking drudgery of the fields, and take to the cities

I was not unhappy with this arrangement. Free of the over-bearing gaze of their menfolk. wood or water should try it.

the Anti-Atlas watershed, I entered a dramatically differ-ent countryside. Rainfall on the southern slopes of the range is scant, and desert life took over. Camels replaced women as beasts of burden. Like chocolate layer cake, the mountain-sides became bare, rich brown stratified layers without cover. Deep in wadis and riverbeds, long slashes of green - linear fields close to underground streams - were the only bursts of bright col-

It was dark by the time I emerged from the mountains and pulled up outside the Hotel de la Renaissance in Tata. An unlikely speck of northern civilisation in a far-flung desert town, it boasted a framed "Mona Lisa" and a Florentine cherub on the wall above the bar. On the bar itself stood a bottle of pastis. And behind, standing ready to greet and pour, was the Renaissance's smiling, congenial proprietor,

Belkassan has had a life as exotic as any French Legionnaire's. After smuggling himself into wartime Marseilles as a 16-year-old stowaway, he spent 40 years working in the shadowy demi-monds of cabarets, dance halls and other questionable establishments across Europe. Invigorating as it all was, Belkassan said, the

of the north. Half the corner epicerie shops of Parls are run

Amein women are, behind their veils, some of the most spontaneously friendly and cheerful people around. Any-one who thinks it is easy smiling and waving at strangers in cars when bent double by the roadside under vast loads of At Irherm, 6,000ft high on

Belkacem Belkassan.

I took to him immediately.



On the frontier: Tate, an 'unlikely speck of civilization' in a far-flung desert land

desert is a healthier place. He has come back for the pure, clean desert air of his childbood. Tata, he said, is a good place to relax.

So it seemed to me. In Tata, last stop before the empty Sahara, a frontier atmosphere reigns, but of blue-veiled Touaregs there was not a sign. spent the better part of the day, as most of the citizens of Tata do, in a somnolent heatstruck daze at the cafe tables under the shady arches of the

In the hot part of the year temperatures here push 50°C. and no one does anything. In the least hot part no one does a great deal more. I drank coffee. I chatted with my neighbours. stoney wadi to Agadir Lenave. I gazed at Tata's curious thickwalled, pink-toned buildings, blinding in the sun. I watched chess games at neighbouring tables. I swished flies. I ate cous-cous. At no time was there any hint of a guided visit

to the local sights. And so I decided to see them. At about five o'clock, when the ways - a desert architecture and olives grew, children ran

shops began to open and the conceived with blazing temperstreets to fill with the long atures in mind. robes and turbans of Berber When I emerged, somewhat and Bedouin, I made my way out of town and crossed a deep, gratefully, at a Moslem shrine at the top of the village, I

town, and feels not very old. bordered by lifeless, endless Agadir Lenaye is an oasis vil-lage, and feels very old indeed. here possible. Constructed on an inclined rock fare of stone and mad and tree trunks, much of it must be oasis. Beneath it, in a cool and negotiated through a labyrinth dreamy atmosphere of underrock face of stone and mud and of eerie, dark, covered passage-

Tata is an administrative

along earthen paths worn down by bare feet; women. veils down and chattering happily, washed clothes by streams of clear running

> I walked on through the palms, following a web of tiny irrigation waterways until I

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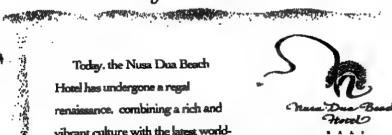
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PORTUGAL

FRANCE

#### sand, that makes existence

looked out over the vast date-

palm oasis, a dark green lake

What calm serenity pervaded water green, figs and wheat

was hopelessly lost and quite happy about it. P.C. Wren seemed far away. For the time being, at least, le caford - heat and sandstorms, mad adjutants and men in blue veils - hardly

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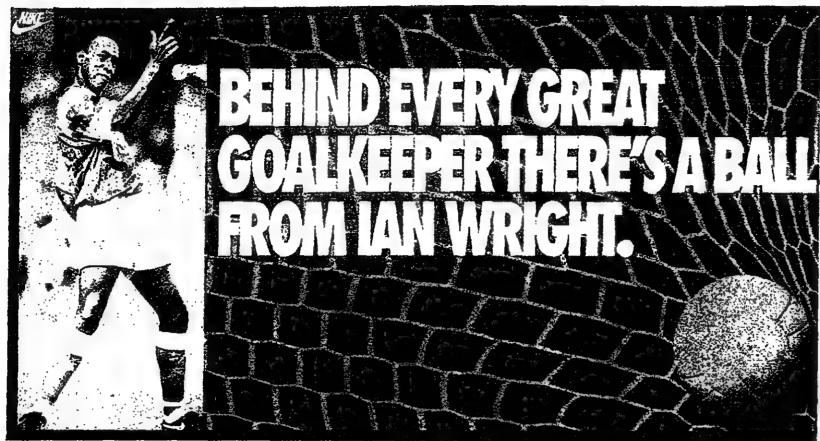
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## The world doesn't need another hero

Michael Carlson thinks Britain's sports stars have a long way to go before they are marketed as excruciatingly as America's



Wear lan Wright's boots, be lan Wright: the marketing of a modern sports star

sportsman's universe extended only to the boundaries of the playing field. His kit never changed, he earned a working man's wage, and he mumbled humble homilies only when asked. Fans followed their heroes through newspapers and radio, collected trading cards or stickers; only the lucky saw them at the ground. Sport had its place, after work on Saturday afternoon.

Things were different in America. Just as Daniel Boone's exploits sold land in Kentucky, or Buffalo Bill's sold Wild West show tickets, sportsmen were quickly being sold.

Babe Ruth played himself in a film in 1923. During the Depression, Ruth held out for \$80,000 a season. Someone pointed out that that was more than President Hoover made. "I had a better year than he

did," said the Babe. The club system, either relentlessly amateur or ruthlessly owner/worker in struc-ture, insulated British sportsmen from the outside world. No American hero could ever be referred to as a "servant of

Agent Mark McCormack ex-

nce, a British plained in an interview that sportsman's unicular clubs' total control of football was strong enough to keep the tentacles of his International Management Group out, because there was no way to promore players. Now IMG is signing footballers, and has made a multi-billion dollar bid for allrights to the World Cup.

Television played a big role in breaking the hermetically sealed world of sports. It pushed sportsmen into the liv-ing room, and even popularised new sports. Gridiron and sumo rode the wave of the yuppie 1980s to popularity. Italian and fantasy football followed in the

Today, Channel 4 has posters of basketball star Dennis Rodman and his bright green hair all over London. You cannot see Rodman's tattoos, his bodypiercing and his outré lifestyle, including one season as Madonna's consort.

Sports Illustrated, the US magazine, illustrated a cover story on Rodman with photographs that echoed Helmut Newton. Rodman discussed at length his desire to explore his sexuality.

The player they call "The Worm" led the NBA in rebounding for four of the past five seasons, yet he has not played in its All-Star Game since 1992, This irritates Nike, which provides shoes for Rodman to endorse. Its full-page newspaper advertisement dur-ing the All-Star Weekend in San Antonio looked like something from the Saatchi Collection: totally blank except for two words in small print, 'Where's Dennis?

Although they do not always know which way The Worm will turn, the NBA, Channel 4 and Nike agree on one thing: Rodman sells. But is it Rodman the on-court hero, or Rodman, the marketing man's dream?

Basketball is tied to America's inner cities. Channel 4's earliest NBA ads carried the slogan "shoot baskets, not guns", until someone realised they could take rap style too far. Rodman, a black man raised by white foster parents, symbolises escape, via sport, from the ghetto.

The myth of upward mobility is still the foundation of sporting beroes in the US. Struggle on the field reveals character; the triumph over adversity creates noble men. Think of Lou Gehrig (or his film version, played by Gary Cooper), forced by a fatal dis-

are. Trying to rise above your world is screwed up station is still anathema. right.

Adversity may bring out nobility, but it cannot make a man poble. Thus stars are heroes only until they start thinking of themselves as such. Attempt to transcend your place and you become a class traitor. But marketing exists to

change the way you think you Wear footballer Ian Wright's boots, be Ian Wright. When Reebok signed soccer talent Ryan Giggs, they saw a unique football talent, but also an attractive teenager whose image could be moulded. Will they "position" Giggs with a

media-friendly personality, or

be content to take their chances with the run of play? It is a far cry from Dennis Compton endorsing Brylcreem. A sportsman turned celebrity can be sold forever. Pete Rose may be banned from baseball's Hall of Fame because he bet on his team's games, but he makes a comfortable living selling his auto-graph. Charles Barkley, the larger-than-life US basketba star, tells parents he is not sup-posed to be a role model for their kids. The same parents rush to buy their kids Bark-

ley's Phoenix Suns jersey. Contrast this with former Olympic decathlete Daley Thompson. Attractive, well-spoken, world champion: if Daley were an American he would be doing movies with Leslie Nielsen. But a wisecrack about the Princess Royal here, confidence turning to arrogance there, and Thompson ecame a tabloid dartboard.

Daley's insouciance would not matter today. Do not tell the Eurosceptics, but according to one poll of 11- to 19-year-olds. Britain's most popular sportsman is French soccer player Eric Cantona.

The poet of seaguils and trawiers might seem too Gallic in his petulance, but he brings "attitude" to the game: this is a quality once prized more in rock stars than footballers.

Anyone can understand attitude. Gazza's tears. Prince Nascem's Technicolor shorts, even Vinnie Jones's forehead these are things that are recog-nisable, and can be marketed.

Before you reach for the Prozac, rest assured that Cantona was followed by racing driver Damon Hill, Giggs and boxer Frank Bruno. The "attitudinising" of British sport is not yet

Baseball writer Bill James once watched the antics of "Neon" Deion Sanders, aka



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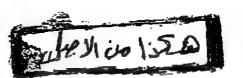
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#### MOTORING

## Car for seasons

Stuart Marshall on the vehicle which changed a brand image

afe, reliable, sluggish all seasons and reasons. It is fair commant. The launch model had a 126 horsepower 20what potential buyers in many markets - Britain included - used to think about

Having driven them for thousands of kilometres in Lapland in midwinter, and seen how well they performed in dread-ful conditions, I have always taken a more charitable view.

But never mind. Volvo cars no longer have an elderly, cocoa-at-bedtime image. The car that has changed every-thing is the front-wheel driven. live-cylinder engined 850, launched five years ago. An instant success, it revolution-ised motorists' perceptions of the marque and has proved to be the best thing Volvo has

Volvo calls the 850 a car for

valve engine and handled with unaccustomed sharpness and

Its face was not its fortune for the styling was pedestrian but no Volvo had ever gone so nimbly before. A Spanish journalist was quite carried away at the launch. He drove the 850 faster and faster round a private circuit.

First time through the chi-cane he smashed the offside mirror; next time round it was the nearside mirror's turn to go; and on the third lap he got it so badly wrong he put the car on its roof at some speed. He emerged unbloodied, even unbruised, and far less embarrassed than I would have been. There could have been no better demonstration that the



850's sprightliness had not armour plated crash surviva-

In the last six years the 850 has become Volvo's big volume car. It is manufactured in Belgium and Canada as well as Sweden. Variants have included cheaper versions with 10-valve engines, estate cars and very high performance models with twice the power of the original 850.

Last week in Sweden 1 tried been achieved by sacrificing its the two latest; a four-wheel driven 850 estate with a mildly turbocharged petrol engine, and a direct-injection turbodiesel with automatic trans-

The two-pedal 850TDI was everything a diesel executive car should be - refined, relaxingly easy to drive and extremely muscular. High gearing gives it the economy potential of a small family car.

Its 5-cylinder engine, bought in from Audi, puts out 140 horsepower and has so much low-speed torque (pulling power) that the automatic

transmission - also used on the petrol engined 850s - has been reinforced. Rewardingly quick off the mark, the 0kph to 100kph time is 10.7 seconds and it also responds rapidly for overtaking. Prices start from \$22,550 (saloon) and £23,550 ditches on either side of the tarmec are deep and monster elk occasionally emerge from

Volvo says the 850TDI is good for 195kph (121mph) and the much more powerful, low-pressure turbocharged pet-rol-engined all-wheel drive For a go-faster driver (no, not me) Sweden must be a frustrating country. Away from the cities, the smoothly surfaced main roads run through endless forests of pine (AWD) estate, 220kph and birch. By the standards of (137mph). I have no reason to south-east England, they are virtually traffic free. But the doubt either claim. speed limits are low, the

All I can say from personal experience is that the AWD manual made even shorter work of passing trucks and trailer of nightmarish length than did the TDL

On dry roads, nearly all the power goes to the AWD's front wheels but if they lose grip, some power is diverted to the rear wheels. It is all completely automatic. Traction is further aided by an anti-spin system on the front wheels, an automatic differential lock on the

Volvo bravely allowed the AWD estate to be driven offroad through a forest with the odd stump sticking up through the soggy carpet of pine nee-

Few owners would, I imagine, cruelly abuse a £27,400 car in this way because its ground clearance is inadequate for such goings on, nor are the vulnerable bits underneath shielded. It would, though, be a great car to drive on snowy

mountain roads.

Volvo sees it competing with 4 x 4 cars like the Audi A6 quattro estate or BMW 5251X Touring and suggests it would be good for towing a couple of hunters, a boat or a large cara-

I am sure it would, but a Subaru Legacy 2.2-litre estate with a set of low range forward gears would be cheaper and possibly even better although it could not match the Voivo's luxury.

For all their potential benefits, normal road-going cars with four-wheel drive have not made much impact in

I doubt the Volvo 850 AWD estate, attractive car though it is, will start a trend.

## A form of warfare

Continued from Page I

ing captain, Will Carling, famously labelled old farts, Moreover, the Five Nations games to the popular Five and the World Cup pull in , huge television audiences.

But the club game has no such appeal. This year around
400,000 people will watch
English first division games.
This compares with 11.2m in
1994-95 for football's Premiership and 600,000 for rugby league's 1995-96 centenary championship. And rugby league, although nominally professional, had only two s full-time professional sides r until this season.

Fresh money was necessary if the club game was to go pro- changes in the game, I knew is fessional. Its problem, paradoxically, is that funds were rap-» idly forthcoming for a few Rugby's my game. Saracens is i clubs. Sir John Hall of Newcass tle United FC took over the city's struggling rugby club.
Property magnate Nigel Wray
acquired Saracens, the north 2. London club. The English e: game's notional aristocrats. Harlequins, won a £1.5m three-year deal with NEC, the Japanese electronics company, and will be renamed NEC Harlequins of London.

Newcastle secured the England outside-half, Rob Andrew, on a lucrative rugby manager contract and began buying up players. Harlequins is reported to have given the Wales lock forward, Gareth Llewellyn, a £250,000 contract; one consequence of profession-alism is that top-flight locks unglamorous but scarce - are

attracting serious rewards. Most clubs had expected gradual change. Gareth Davies, chief executive of Cardiff, the Welsh champions, says: "We expected to pay enhanced expenses, but not much more at first." Last season, they paid around £100,000 in expenses. Forced to compete for talent, the club is budgeting for a wage bill of around fim next season. So is Bath, the English

champion club. Even a second division club, such as Bedford, once a power in the land, reckons it will need an extra £200,0002300,000 - a tall order on an income of around £500,000. While repelling predators away from its talented young backs, it needs to spend to attract new for-wards. And neither Bedford, Bath nor Cardiff can be certain their budgets will be adequate.
One London official says:
The market is febrile, unstable and full of fear. Most play-

ers are still up for grabs, prices have not stabilised and everyone is desperately looking for new sources of funding." There will not be enough

Nigel Wrays or NECs to go round. Hence the money rows with unions as top clubs seek a larger slice from existing com-petitions. Davies says: "The gate money at a Welsh cup final is around half a million and the finalists get around 530,000 each. It is pitiful."
Hence also their desire to control television rights for the

European Cup. This gets fully under way next season after this year's lively pilot competi-tion which was won by Toulouse. The general belief of those clubs without rich back-

their lifeline.
They could be disappointed 2 Steve Barnett, lecturer in communications at Westminster bility in Russia, he could be in University, argues: "The real for a longish wait.

question is whether people will buy satellite dishes to see club games to the popular Five Nations may be the answer, but at the cost of handing some Five Nations games exclusively to satellite televi-

All this might suggest that investors in the game are unlikely to see a return on their money. But Nigel Wray and NEC's sponsorship direc-tor. Ian Spero, argue that the crowd levels are evidence of unfulfilled potential rather than the limits to growth. Wray, a lifelong player, says:

"As soon as I heard about the there was a chance for somea good club with a huge potential catchment area."

Taku Okutu, NEC's managing director, sees rugby's appeal and Harlequins' long history as making them ideal sponsorship partners: "Our market is made up of corpora-tions and professional people

#### The belief of those clubs without rich backers is that television can be their lifeline

and we think this relationship will appeal to them. This is not just a sponsorship, but a partnership in which we will help actively with the development and marketing of the club."

Elsewhere voluntary structures are going. Bath is now a limited company. As one Lon-don club official says: "You can't run a club on Saturday

mornings any more."

But rugby's full-timers may not include many players.

Moon warns that the new employer-employee relation-ship will impose obligations on both sides, but expects semiprofessionalism to predominate in the near future. Phil de Glanville, Bath captain and an England squad member, agrees: "I wouldn't advise anyone to give up their other job. It's still too uncertain and anyway how much time can you spend training? I'd get bored if

I did nothing else." So will it all end in receiverships? For some, almost cer-tainly. Peter Williams, director of Orrell rugby club, says that in rugby league the clubs which went bust were those which paid salaries they could

not afford.
Michael Lord, a true conservative amid free-market liberals, argues: "Amateurism is the essence of the game. Change that and you destroy something fundamental. The game doesn't want professionalism, it doesn't need it and can't afford it." De Glanville, though far from gung-ho, dis-agrees: "The game will still be there and the people who make it worthwhile will still be involved."

Few rugby people would disagree with the journalist who said: "I am looking forward to writing about rugby again. At present the only story is



year ago Richard Dawkins invited readers to join him on a voyage down the River Out of Eden. Now he holds out the challenge of Climbing Mount Improbable. Both books offer rich new parables - if such a militant atheist as Dawkins will accept a word redolent of religion - of evolution as a cumulation of tiny genetic changes. The author is therefore still pursuing the same general theme as his ground-breaking The Selfish Gene (1976) and The

Blind Watchmaker (1988). Climbing Mount Improbable is written as vividly and lucidly as its predecessors, which means that it is a first class work of popular science. Dawkins weaves another Dar-

## More evolutionary metaphors

With a slight sense of déjà vu, Clive Cookson finds this author weaving another Darwinian spell

flightless creatures grew wings, and unlikely and too perfect to have how the eye has evolved from lightsensitive cells on at least 40 sepa-rate occasions during the history of life on earth. He even makes sense of the "almost ludicrously tortuous and subtle" co-evolution of fig trees and wasps: each species of fig has a corresponding species of miniature wasp that fertilises the flowers within its fruit.

in Dawkins's metaphor, Mount Improbable is any organism - or vinian spell. part of an organism such as an eye gentle gradients winding the describes, for example, how or wing – that seems both too other side of the mountain.

arisen through the random processes of evolution. Such achievements of nature are sometimes cited by anti-Darwinians to support the view that some God-like designer must have a hand in their creation.

The overall message of the book that the "towering, vertical cliffs of Mount Improbable" cannot be climbed directly. "It was Darwin's great achievement to discover the gentle gradients winding up the Dawkins says sceptics are confused about the role played by ter of chance: fresh genetic variachance in evolution. They regard

CLIMBING MOUNT **IMPROBABLE** by Richard Dawkins Viking £20, 308 pages

Darwinism as a theory of pure chance - which would be equivaface of Mount Improbable.

lent to a direct assault on the front In fact, the process has two parts.

tion occurs through random changes in DNA, the chemical of life. But the second part, natural selection, is quintessentially nonrandom - directed by the survival

of the fittest mutations. The downside of Climbing Mount Improbable, if you understand Darwinism and are familiar with Dawkins's work, is a slight sense of dejd tru. The parable and its details may be new but the book does not bubble with fresh ideas. Somehow Stephen Jay Gould, the American scientist who is Dawkins's only rival as a popular writer about evolution, manages to achieve more variety in his books.

A list of scientific bestsellers in last week's New Scientist magazine showed River Out of Eden in first place. The Selfish Gene third and The Blind Watchmaker sixth. Climbing Mount Improbable can only confirm the amazing dominance of Dawkins.

Last year he became Professor of Public Understanding of Science at

Oxford University, having been a reader in zoology since 1970. Now that his main official role is to write and talk about science, rather than to carry out research and teaching in zoology, we can look forward to an accelerated output of Dawkins books. That is a welcome prospect particularly if he turns his talents to less familiar territory than evolutionary genetics.

For example, so far as I know, no one has yet written a good popular account of "developmental biology" how genes control the growth of embryos and make all the right connections, from skin cells to the brain. This is one of the most fascinating fields of contemporary science and it would certainly benefit from the Dawkins treatment. How about it, Richard?

## The enchanted life of a child virtuoso

Clement Crisp enjoys autobiographies by both Yehudi Menuhin and, below, his wife Diana

birthday, there comes an up-dating of Yehudi Menuhin's 1976 autobiography, Unfinished Jour-ney. Menuhin is so extraordinary a figure, his life so illuminating and illuminated (in a spiritual sense), that his narrative must hold the reader fascinated. Yet it is not the musical pilgrimage of his mature career, nor his dedication to the causes of young musicians and of international understanding, that give the book cachet. These are grand ideals for which his concern is seriously expressed. What is so charming, so touching, is his account of his childhood, bright in its detail of people and places, and freshly innocent - as, marvellously, was the wunderkind

Menuhin is a man of saintly nature as of musical sublimity. What produced the great musiclan from the plump little boy holding a fiddle in the early photographs; how his wise parents guided him; how his teachers (notably Georges Enesco) shaped his gift, is a unique and valuable narrative. Menuhin tells of his childhood without fuss, a quiet observer of himself, a loving observer of the world his parents made round him. He writes, also. with a felicitous clarity. For anyone seeking to know how a child prodigy was reared, and helped to grow into a superla-

tive artist, the first part of his memoir is an enchanted. enchanting story. Everything is vivid. Characters have a bloom to them - the child was surrounded by exceptional people whose every least activity caught and held his attention - and places (from San Francisco to Basel and Paris) are evoked in the clear light and with the sense of their charm

> UNFINISHED **JOURNEY** by Yehudi Menuhin Methuen £20, 380 pages

that the boy first found in

His progress is a story of the deepening of a miraculous gift, through contact with Enesco and Fritz Busch, among others. Protected though he was by parents, who placed the boy's genius in the safe harbour of a close family life, Menuhin is without false modesty. "I could at the age of seven or eight play the Symphonie Espagnole almost as well as anyone and better than most. This is not arrogance, but a statement of fact. He could not help being gifted, but typically he adds by way of explanation that "Where I was supremely blessed was in having great musicians to inspire me." This blessing he has - being Menuschool for young musicians.

The special value of this book lies in Menuhin's portrait of his younger self, of his awareness of his identity, of his ancestry, and his almost fatalistic acceptance of his musical destiny. He was saved by his parents (and by his teachers) from becoming that saddest of things, the professional child prodigy. And because of the simplicity and dignity of Menuhin's temperament, he also saved himself from the terrible damage that can destroy a child virtuoso as he grows up. He is aware of his Jewishness as he is aware of the musical gift that was divinely his: both shaped and ennobled his life. His first marriage and his need to quit the securities of the parental home were his great crises. His second marriage, to Diana Gould, brought him back to his essen-

The rest of his story is part of the history of music in our Lady Menuhin's own memoir thus becomes the necessary commentary upon what Menuhin has done in the years of his maturity. But it is Menuhin's account of the love and care he knew as a boy, which made an exceptional man from a child touched by genius - a touch whose imprint can fade all to instruction given in his own did. quickly - that explain a life as



## The Black Fairy who found her prince

totally subjective tale", and aptly so. These are reminiscences which read like table-talk over a long and jolly luncheon, the listener asking for "more, more" as events and characters are recalled and dissected in a bright, colloquial style with a rather 1930's ring to it.

She evokes childhood with the mixed feelings of a girl who found herself too often a victim: of her mother's and younger sister's wit; of mischance and mistiming in her hopes of working for Diaghilev and Pavlova; of her own "volcanic nature". She declares

Franco-Irish-Scots family and ancestry was securely hautbourgeois, and her musical mama maintained a stable of three Bechsteins as well as three children, and provided them with a delightful and grandly naval step-father. Lady Menuhin's sense of

being the pawn - unwilling; unwitting - of fate or teachers or stupid managements, is recurrent through the first, pre-Menuhin part of her story.

berself "An Unfortunate This charts her early years as Child", though her Anglo- a dancer (the tall, lovely Diana Gould) and actress, and as the witty observer of her own and other people's emotions and mishaps. She is, though, a fail-ure manquée, despite the cussedness of destiny – she calls it The Black Fairy – which she feels always cheated her of opportunities to reach an artistic Olympus, for her mar-

riage to a great musician has made Olympus her home.

From the age of nine, Diana Could was cont to bellet also Gould was sent to ballet clas**GLIMPSE OF OLYMPUS** by Diana Menuhin Methuen £14.99, 387 pages

ses with Marie Rambert, at a time when, in the late 1920s, the redoubtable Rambert was (in the words of Agnes de Mille, a fellow toiler in Rambert's hive) "Madam wasp, queen hornet, vixen mother, the lady boss of Notting Hill". Rambert gave her students hell as a regular diet, mostly

for their own good. The young Miss Gould needed all the reserves of resilience she was busy storing up to add to her native wit in order to cope with Rambert's barbs. (In her own memoirs, de Mille remembers such cries as "Frrreddie" - this to the young Ashton -"pull in your great bottom. banner!"; or "Deeanna! Do not make jokes. I am tired of your humour. I am tired of your wit. I would prefer one good

arabesque to six jokes."

"Diana's face hardens", adds de Mille). And so, we gather.

did Diana's resolve. Inured to these put-downs, Diana Gould was to find a place as a dramatic dancer in the early 1930s, when English ballet was being made by Rambert in Notting Hill and Ninette de Valois in Islington, if not the greater rewards she hoped for. Her elegance and beauty built a career, despite the interventions of the Black Fairy, and she recalls these days in fine style. The brief

1933 (funded for a few weeks by Edward James as a frame for his new wife, Tilly Losch) found Diana Gould cast in Les Valses de Beethoven as Earth, wearing a Bovril coloured chiton with a small cairn on her head. She duly christened her-

self "Old Mother Manure". Whatever the frustrations of her career, she kept a bright eye on events. Pre-war Paris, where she studied; war-time London where she danced and acted: an ENSA tour (Every

resigned resilience. Then the meeting with Yebudi Menuhin and marriage, and the realisation of her destiny. Abundant happiness replaces disappointments. Her eye is still quick for the improbable and the unexpected, but there is serenity and security as well as excite-

Night Something Awful said the troops who were to be entertained); all are recalled

with an indomitable if slightly

ment in the years of travel and home-making. We see the proper shape of a life. Diana Gould, battling with frustrated hopes, turns into Diana Menuhin: the shoe has fitted Cinderella.

Rereadings

## Easy passage to India

here are many gateways to India via the bookshop. One of the most recent is David Gentleman's India (Hodder & Stoughton £14.95), where he recorded a tour he made in 1993. He went all over the place with his drawing-board: Delhi, the Himalayas, Rajasthan, Ellora, Ajanta, Calcutta, Madras, Karnataka, Bombay and Goa. in each place coupled with his comments make an easy, yet

excitingly exotic, read. Turning to fiction we are perhaps spoiled for good novels about India with the likes of Seth and Rushdie or the earlier Paul Scott and E.M. Forster. But to tackle them represents quite a commitment of time

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and will-power. Anyone seeking a less exacting literary route into Indian life with its unique combination of bright sunshine and sombre mysticism should try Stories and Twenty Stories by Satyajit Ray first published in the late 1980s and still available in

Penguin. Ray, whose name as a film-maker, writer-director of The Chessplayers etc. is a household word, did not write his first story until he was over 40, but after that there seems to have been no stopping him. He died in 1992.

Story-telling was in his genes. His grandfather was a children's writer who edited a children magazine, Sandesh, which Ray's father, also a gifted children's writer and

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illustrator, continued. The magazine was revived by Ray in 1961. He produced a version of Lear's "Jumblies" translated into Bengali for the first issue, after which he wrote and illustrated stories between making all those films.

The main orientation of his stories is Calcutta and the world of the Bengali bourgeoisie, the society we meet at much greater length in Seth: but Ray is especially concerned with the plight of the little man working in a humble clerical job; someone whose fortnight's holiday on the road in an ancient Morris Minor takes him into the forest where he has an encounter with the occult in the shape of a holy man and a sacred cobra. Or – in the hilarious "Patol Babu, Film Star" – Ray turned to his own world and the sad fate of a has-been of the

Anyone who has been to india will agree that animal life is as plentiful as human, and it certainly is in these stories. Birds, reptiles and dogs have an intelligence that gives them invincible power over their handlers and worshippers. Ray roams in search of narrative quarry through the sub-continent,

even as far as Tibet in a tale

industry recalled for one day's

location work.



about an expedition by a group of intellectuals to a remote mountain monastery that has echoes of Conan Doyle's lost world.

The comparison is not made lightly. Ray has the same mesmeric magazine-writer's power over his captive reader, the same gift for an irresistibly enticing build-up to a mystery. the same deft way with detail, and I have to admit, at times the same descent into banality when the mystery is finally solved. But like Conan Doyle he survives, nay demands,

**ne** Whitbread judges, who some years ago gave James Buchan their First Novel Award, spotted a major talent, Subsequently Heart's Journey in Winter, about spying during the Cold War, was acclaimed. High Latitudes should earn greater applause. It is set in the late 1980s at the time of the Black Monday stock market crash and follows the fortune of a thirty-something power-ex-ecutive, Jane Haddon, at the top of her career.

Faced with the nation's commercial and industrial implosion, she is forced to regain the world of her aristocrat husband whom she divorced after a short marriage. She finds in that upper reach of society dangers and hardships inseparable with navigation at High Latitudes" - which her husband experienced in the Antarctic whilst escaping from his vapid second wife and from the uncontrollable rage he feels towards Jane, "that junkie bitch and daughter of a

whore". Much of Jane Haddon's world is easily recognisable: a friend works at the merchant bank of S.L. Brimberg: one of her factories supplies underwear to the country's most successful retailer Reuben and Style, known as R and \$. Much good advice is given: invest in tobacco, "you make it for a penny, sell it for a dollar, and it's addictive." The mystery of short-selling is explained,

Buchan is the master of

### Fiction / Brian Martin True to the life

obscure than Heart's Journey in Winter. He tells his story by shifts in narrative position. often by indirect, retrospective narration. He will confide in the reader, but sometimes leave baffling loose ends which later are neatly tied up. His writing is subtle, allusive, designed to divert "a few of my countrymen and women...to reconcile the bickering sexes." He succeeds splendidly.

So does Doris Lessing. It is said that all good novels are autobiographical, embellished by the imagination: Love Again concerns the effects of love on a late middle-aged, almost elderly woman. Sara Durham is a theatre producer who falls in love successively with two much younger men. It is a profoundly reflective novel, an "anatomy of love", which shows the fallibility of that confidence of age; "but I've reached...the evenly lit unproblematical uplands

where there are no surprises". As always Doris Lessing writes about fundamental themes which influence the way we live. Like Iris Murdoch she has deep intelligence, but Anthony Curtis enigma, which risks obscurity. the substance of her writing is goes with physical attractive-more accessible than Murness and far from criticising it.

HIGH LATITUDES by James Buchan Harvill £14,99 192 pages.

LOVE AGAIN by Doris Lessing Flammen £15 99, 343 pages

KRAVEN IMAGES by Aian Isler Cape £14.99, 288 pages

THE TOUCH by Julie Myerson Pleadur £12.99 316 pages

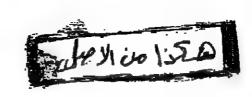
IN THE CUT by Susanna Moore Picador £12.99, 180 pages

doch's. She has great humanity and powerful common sense; "beware of condemning people. or watch out for yourself, there is a hard law that says you must suffer what you despise", and "old women by the thousand - probably by the million - are in love and keep quiet about it." She observes, "There is a terrible arrogance that

we even admire it." Constantly her writing is illuminated by quotations from poets and pop songs, and by allusions to philosophisings about love by Stendhal, Goethe and Proust.

Lessing's and Buchan's novels contribute seriously to the novel genre. Kraven limages is of a lesser order. Alan Isler is a farceur: in his first chapter, a dog and bitch locked in flagrunte fall into an open grave at a Jewish funeral. His hero is a fraudulent lecturer in English at a New York college who is resigned to the limits of his students' study of King Lear. It was enough, surely, if by the end of term they all agreed on a common spelling of the mad king's name." There are many memorable iines: one of his characters suffers in her way of talking "the linguistic stigmata of her generation ... less blemishes than beauty marks." Kraven Images is an enjoyable comic entertainment.

The Touch and In the Cut are of an even lower order. There is a gruesome fascination in finishing finish Julie Myer-50h's novel: readers want to discover what happens to her central character, an old, deranged, derelict, religious crank; and occasionally in this macabre story there are qualities of writing and atmosphere which bring to mind William Trevor's best work. But In the Cut it is a crude, violent, pornographic piece of self-indulgence, which, by contrast, exalts the understanding, compassion and intelligence of



AY 4/MAY 5 1996

wane. There are two or three superb poems in *The Spirit Level* and characteristic examples of the Nobel laure-ate's sprezzatura everywhere. Even though the opening poem, "The Rain Stick", explores the condition of aridity, it finds there a beautiful, palpa-ble, audible illusion of liquidity and plenitude - which, paradoxically, is more heartening than the real thing. The poem describes the noises produced by seed-grit moving down a length of dry cactus - drip drop drop drop, cold flushes, gifts of rain. The process proves inexhaustibly various and the application to a poet in his mid-fifties is obvious as well as optimistic One is reminded of Flivsheth mistic. One is reminded of Elizabeth Bishop's great sestina, A Miracle for Breakfast, where sunlight in a dr crumb of bread provokes a vision of a heavenly villa, all white galleries and marble chambers - an equivalent of my father's house with many man-sions and a miracle of pure imagina-tion, in Heaney's poem, "You are like a rich man entering heaven / Through the ear of a raindrop". And this is the crucial repeated moment in the majority of poems - the movement from the mundane to the mystical. Heaney began as a "bullockbef-riending bard", to borrow Buck Mulligan's (attributed) ironic epitome of Stephen Dedalus - a poet almost

> THE SPIRIT LEVEL by Seamus Heaney Faher £14.99, 96 pages

unprecedented in his ability to reproduce the reek of rural Derry on the printed page, a writer whose mimic gifts rivalled those of his great men-tor, Ted Hughes. Clive James once wittily summed up this achievement by parodying Eliot: "I will show you fear in a tinful of bait." Heaney himself describes this phase in his Nobel lecture, Crediting Poetry (Gallery Books £5.00), as reposing in what Dr Johnson called "the stability of truth". Meaning the ungainsayable pleasure of perfect mimesis. Peter Ustinov is a renowned mimic whose repertoire extends beyond the merely human to encompass, for example, the Wagnerian intensity of the electric bell. Heaney's dialogue is always authentic but his way with pure sound can be awesome: "the sibilant numbra of close-down" on the wire ess; "a kind of dry, ringing / foreclosure of sound" in a punted soccer bell. These are virtuoso effects. It is odd, therefore, that the sounds evoked in "The Rain Stick" should arrive in the ear as relatively insubstantial and underpowered rather than as convinced renditions: "diminuendo runs through all its scales / Like a gutter stopping trickling." The deliberate mistake (two present participles in succession) is there to mimic th announced, interminable diminuendo. (Compare the last line of "Keeping Going", which repeats the title, conflating grammatical repetition with a double dving fall matching continuity with conclusion.) Nevertheless compare this perfunctory sound world with the unchallengeable precision of "A Drink of Water" from Field Work (1979): "The pump's whooping cough, the bucket's clatter / And slow diminnendo as it filled ...."

There are other moments, too, of faltering here: "Weighing In", a poem about the tentstive (and now broken) truce in Northern Ireland, has a wonderful evocation of a "well-adjusted, freshly greased weighbridge" -"everything trembled, flowed with give and take" (flowed!) - but is otherwise rather lumpen in its allegorical procedures and laboured expositions especially at those moments when Heaney's once-impeccable sense of

## The laureate of transcendence

Craig Raine reviews Seamus Heaney's latest poems



line has forsaken him. Compare the inspired intuitive risk of "But bog | meaning soft" (from North 1975 and still his best book, by some distance) with the coarse calculation of the infinitive split across stanzas in "And bearing out, just having to / Balance the intolerable in others." Elsewhere in this poem, the line breaks are either bluntly obvious, or merely occur, counter-intuitively heavy-handed or haphazard. The ses-tina of "Two Lorries" is marred also by the reliance on exclamation to accommodate the required crucial inttial repetition. There is padding here as there is in To a Dutch Potter in Ireland", a translation from the Dutch which subtly exploits an implicit par-allel between post-war Holland and

post-Troubles Uister. On the whole, though, The Spirit Level is a welcome and ambitious attempt to further Heaney's disciplined development beyond the literal to the transcendent. "I began a few years ago," he writes in Crediting Poetry, "to try to make space in my reckoning and imagining for the marvellous as well as for the murderous." The marvellous began with the Dantean visitants of Station Island whose insinuations into existence first manifested Heaney's talent for treating the supernatural: "Something came to life in the driving mirror." Their fadings from the world of flesh were exquisitely managed, too: "he trembled like heatwave and faded"; "the downpour loosed its screens round his straight

walk." The biographical poems in The Spirit Level make it clear that the phenomenal world of Heaney's childhood was always ghosted by the noumenal - ominous with omen, sodden with superstition ("Piss at the gable, the dean will congregate"; "When the thorn tree was cut down / You broke your arm. I shared the dread / When a strange bird perched for days on the byre roof"). And the title of the book sets Heaney's poetic agenda by its punning ambiguity: on the one hand, it indicates the practical, the straight, the straight-forward, the level-headed; on the other hand, it gestures towards existence at the level of the spirit. It is appropriate, then, that the book's bricklayer should also be representative of the Red Hand of Ulster, one of

this volume's many and on the whole

Heaney is particularly interested in the marvellous, but, shrewd poet that he is, he knows that without the actual, the visionary is without a launching pad. Larkin had much the same programme himself in "High Windows", where the transcendent conclusion is authinkable without the deliberate and foul-mouthed actualities of the poem's opening, And Larkin's exemplar is the Yeats of "Beautiful Lofty Things", where Mand Gonne is "at Howth Station" in all its prosaic particularity — and also "Pellas Athene in that straight back and arro-

Those clichés I drew attention to at the head of this review are Heaney's necessary declarations of earthiness, his equivalent of Howth Station or Larkin's "When I see a couple of kids / And guess he's fucking her..." Clichés establish the ordinary with economy, just as it is about to meta-morphose into something else, or dis-close a larger template disguised by the veil of the usual. Larkin may seem a peculiar poet to cite, were it not for his appearance in Seeing Things (1991) where he appears as a tutelary shade, quoting Dante, and also, necessarily so, as "A nine-to-five

man who had seen poetry". In The Spirit Level, not every attempt to refract from the temporal to the supernatural works uniformly well. Quite often, you feel that Hea ney is forcing his material out of the phenomenal into the realm of the merely rhetorical. "Two Lorries" would be my example. Here, Heaney's mother is a convincing revenant because he brings before us the bus station at Magherafelt with its "cold-floored waiting room". The figure of death, though, is less convincing because Heaney presses "a dust-faced coalman" into service, fussily switching his coal-sacks so that they become "body-bags" - so that the poem seems rigged, implausible and lacking conviction. There is another reluctant mating of the worldly and the other wordly in "The Butter-Print" where the breastless St Agatha shades into the young Seamus - an interface rather woodenly engineered in line 4, where the butter-print is credited with a "breast" "scored with slivered "The Swing", "A Dog Was Crying Tonight in Wicklow Also", and "Call" This last poem describes the poet tele phoning someone, a male friend, who is in the garden, weeding - weeding in a way which suggests the day of dgment and also the breaking of last links. This implicit tone, the subtlest innuendo of mortality leads Heaney to evoke the hallway where the phone is waiting, waiting, as time calmly passe

"Then found myself listening to The amplified grave ticking of hall

Where the phone lay unattended in

Of mirror glass and sunstruck pen-

Grave tickings. Yes, but also scene of perfectly written, perfectly realised actuality. The sub-text and the impeccable reality both allow Heaney his next extraordinary but riskfree move: "This is how Death would summon Everyman." And then some thing even more extraordinary happens: "Next thing he spoke and I nearly said I loved him." Either Heaney is surprised by the strength of his feeling - which would make it a very good poem. Or the person he is telephoning is his father - and it is a great, tragic poem of regret for the unspoken love we all of us carry in our breasts. Someone, an Irish poet, said anonymously once that Heaney would win all the prizes, including the Nobel, but that he would never write a great poem. "A Call" is. I think, a great poem, great also because it is short and so swift to break your heart. And well worth the

## The unexplained feminist

he American feminist Gloria Steinem is something of an enigma. Undoubtedly famous, it has never been clear why she is such a celebrity. Unlike Kate Millett, Betty Friedan or Germaine Greer, she has never written an important book: her claims to fame rest on Ms, the magazine she cofounded, and her public image as a glamorous feminist in a mini-skirt.

This is partly because for many years Steinem threw her energies into punishing rounds of public speaking, criss-crossing the US to address women's groups and support campaigns in out-of-the-way places. She impioned the cause of immigrant farmworkers in California, pressed Democratic presidential candidates to include women's issues in their platforms, and startled the congregation at a Minneapolis church with a speech accusing institutionalised religions of perpetuating sexism and racism. When Steinem finally out-

lined her philosophy at book length in *Revolution From Within*, she produced a confessional text which bore all the hallmarks of someone who had recently discovered psychotherapy. Steinem's biographer, the author and English profes-sor Carolyn Heilbrun, describes the book as "the culmination of Steinem's belated bout with therapy and her obsessive reading of all she could find on the subject of

self-esteem" This was Stainem's second conversion. The first took place in 1969 when, days before her 35th birthday, she attended a meeting on abortion law reform organised by the Redstockings, a radical feminist group, in New York. Steinem had never spoken publicly about her own abortion, carried out in great secrecy in London 13 years before, and she described her feelings at the meeting as "the great blinding lightbulb" which illuminated all the things she had

not previously understood.
"A lifetime of journalists'
jokes about frigid wives, dumb blondes, and farmers' daughters that I had smiled at in order to be one of the boys", in Steinem's own words, was sud-denly revealed to her as part of the systematic oppression of women. This brings us to another of the puzzles about Steinem's life: why did the inist take quite so long - six years after publication of The Feminine Mystique - to comprehend the most basic tenet of

feminist philosophy?
Her commitment to the cause, once she had grasped it, was unrivalled. For the next 20 years, she worked late into the night writing articles, raising

funds, setting up conferences, offering accommodation to activists who arrived in New York with nowhere to stay. She insisted on reaching beyond the white middle-class housewives who had been liberated by The Feminine Mys-

THE EDUCATION OF A WOMAN: THE LIFE AND TIMES OF GLORIA STEINEM

by Carolyn Heilbrun Virago £20, 451 pages

tique, encouraging the involvement of black, Hispanic and working-class women in femi-

This kind of life inevitably presents problems for a biogra-pher. But Heilbrum's book also suffers from faults of her own

everything, Steinem's pregnancy, Heilbrun reveals, came about because she slept with her ex-fiance "for reasons of long-standing sexual attractions" - a motive which would surely be clear enough to all but the dimmest reader.

Heilbrun is also relentlessly

cheerful. The abortion, which Steinem underwent while she was waiting for a visa to visit India, apparently gave her a useful lesson in self-reliance: "It is tempting", writes Heil-brun, "in view of her mother's Theosophy, to wonder at the apparent evidence of karma in providing Steinem not only with this, at that time. extremely unusual opportunity to travel throughout India ... but also with the chance to take upon herself total responsibility for her own

The book's most glaring

fault, though, is near-adulation of Steinem. Scorning the notion of objectivity, Heilbrun announces in the introduction that her aim is to write about a woman "who became, simultaneously, the epitome of female beauty and the quintessence of female revolution". What she cannot quite confront is the probability that Steinem is a mediocre writer and unoriginal thinker whose face and personality happened to appeal to the

Perhaps this accounts for the troubling undercurrent in the book, the sense of something not being said, which culmi nates in a weird final para graph. To the thousands of people she has helped or encouraged, Heilbrun writes Steinem is like the mythical Kilroy of World War II, essential and ubiquitous: Steinem was here". It is not, I imagine an epitaph that many celebrities would care to have on

**Joan Smith** 

## Complicity in war crimes

azism's inner enemies were consumed not just by gas chambers and crematoria in the death camps, but by the machine-gunning of naked victims on the lip of mass graves, by overwork and starvation in labour camps, by gruelling forced marches, by casual brutalities and arbitrary acts of violence that became daily.commonplaces of Nazi-gripped Europe In Daniel Jonah Goldhagen's view, there had to be a vast complicity on the part of the German people for so much murder to be done. He argues in effect that all Germans had to be involved, at very least in their silent acquiescence in something so tremendous that they must have known of it.

To establish this thesis Goldhagen investigates three aspects of the Holocaust not closely studied before: the police battalions used to keep order in occupied territories of eastern Europe; labour camps; and the "death marches" at the end of the war, when large numbers of prisoners were moved out of the way of advancing enemy armies. He concludes that very many "ordinary Germans" - that is, people other than fanatical members of Nazi organisations like the SS - were

willing to murder Jews, even though

HITLER'S WILLING **EXECUTIONERS** by Daniel Jonah Goldhagen Little, Brown £20, 622 pages

they could without sanction have refused to do so; and they were willing because German culture had long been deeply imbued with "eliminationist anti-Semitism", the view that Jews are sub-human and must be extinguished. Goldhagen's book bears the marks

of the academic thesis it originated from in its ponderous structure. But it brings much interesting new material into focus, especially the role of "Police Battalions" in the murder and mass deportation of Jews. There is harrowing detail here, and real additions to knowledge. But Goldhagen's argument invites

opposition because of its generalising imputation of guilt. This threatens an injustice. The horrors perpetrated by many Germans under Nazism should not obscure the fact that many other Germans risked resistance. There is

no mention by Goldhagen of Anton Gill's recent book, *An Honourable Defeat*, which records this side of the story. Between Hitler's rise in 1983 and his death in 1945, Gill relates, three million Germans spent time in prison or concentration camps for political or resistance activities. Efforts were made to overthrow Hitler, a number of them involving assassination attempts: bombs in Smolensk, Gerdorff and Rastenburg, guns elsewhere. This shows that there was honour as well as horror in Germany in those frightful years. Those who dissented risked a brutal encounter with the Gestapo: many took that risk.

A.C. Grayling

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## Idyllic calm of Denmark

William Packer admires the work of two artists which epitomises the country's Golden Age make the Danish golden qual-

n Denmark in the early years of the 19th century there emerged a distinctive national school of painting which has long been known as Denmark's Golden Age. For while there have been notable Danish painters since, from Kroyer to Nolde, only in that first period was the character of the work so particular to Denmark. Cast in the very clearest light and in sharpest focus, it is charged with an almost febrile intensity of mood and atmosphere, an idvllic calm fixed in the eye and the mind for ever.

Two painters of this period are now celebrated by major exhibitions at Copenhagen. Christen Kobke, born in 1810 and dead at 38, is by now widely appreciated outside Denmark as the world at last begins to accept the quality schools, and that painting in the 19th century did not begin and end at Paris. Wilhelm even sooner at 28, is as yet little known, even in Denmark.

And yet his small body of work - mostly portraits and figure compositions, along with a few small landscape studies made on his fatal journey into Italy in 1832 - shows us that had he not been so abruptly taken off by typhoid. Bendz would have established himself as at least the equal of any of his contemporaries.

He was obviously admired by his fellows, and in 1830 the young Kobke, still a student at the Academy, gives us a clear hint of the man, with his curly hair and frank, open, half-smil-ing face. This tiny portrait was borrowed by other painters to copy, and Kobke himself made a second version some years later. One is from the Hirschs-prung Collection itself, the

other from the National Gallery in London, and the jury is still out as to which is which. I suspect the former was the

Bendz, like Kobke, had studied at the Copenhagen Acad-emy, where C.W. Eckersberg was master. Eckersberg had brought back from Paris, where he had worked under David, an insistence on the prime importance of study direct from nature. For Bendz this meant not just the life model, but the life of the studio itself. It is not the conventional neo-classical composition he put in for the Academy's prize medal of 1825, but his painting of the life class itself the fol-lowing year that is remarkable. A student on a ladder lights the lamps for the evening class; the kneeling model, brightly lit, supports himself by the looped rope overhead; and ranged in tiers in the surrounding gloom the students work away as the teacher comes round. It is a scene familiar to anyone who was ever an art student these 250 years past, or would have been

until 30 years ago. Indeed the artist in his studio amid his working clutter, or at leisure at a smoking party or beer cellar, supplied Bendz's true and constant theme. He was a master, too, of the domestic portrait and conversation piece - the girl sewing at the table, the family at home, the pictures on the wall, the door open to the room beyond. Its quality as art apart, his work is of a wonderful documentary interest. But it is art. and of a high order - even the bread-and-butter portraits of men in stiff, high coats and collars, and women with their to us improbable coiffures, so touchingly immediate and real.

This is an important revival. Christen Kobke, like Bendz, found himself with remarkable speed under Eckersberg's guid-ance, both as portrait and land-scape painter. The portraits are a surprise, again small in scale but of a wonderful conviction in statement and presence. But it was the local scene that Kobke made his own, in particular the ramperts and citadel of Copenhagen where he lived, with its views out across the

sound and along the bay. But those pink towers of Frederiksborg Castle and the bridge across the most make a familiar image, and the jetty too, with its sailing party, and the furled sail around the mast, tall and pale against the evening sky. The smaller studies and sketches are the revelation. If we speak of the particular character of Golden Age painting such as that of Kobke, it lies in that clarity of vision, radical simplicity of design and metaphysical mood of calm that inform the finished works. But what the rapid studies in oil do - the clouds, the rickety jetty and the reeds at the water's edge is to tie the work into the broader European development of plein-air painting at about that time.

working outside in Naples, Constable in England and thing clearly was in the air,

ity the more particular and Wilhelm Bends - 1804-1882:

den Hirschsprung Samling, Stockholmsgade 20, Copen-hagen, until May 27. Christen Kobke - 1810-1848: Statens Museum for Kunst; Solvgade 48-50. Copenhagen, until May 27. Flight courtesy of SAS.,

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# A passion for 'collecting

Susan Moore canvasses a cross-section of London-based dealers for advice to first-time buvers

and the absence of a new

dealers for their advice to

tentative steps into the art

The advice I give I try to follow myself. I like to buy good works of art rather than

the decorative. I like to buy

What the

is a warm

expert

it. There are always two questions to ask. Is it good

enough and can I afford it?

The buyer must have the

"The other rule is patience."

discipline to wait for the right

quality work to come up, and

then have the courage to pay

the right price - something determined by the rank,

rarity of a picture. For those

starting at the bottom end of

many significant things which are grossly out of fashion and wonderfully cheap."

of art dealer Alan Rubin,

time to develop. It usually

"Serious collecting needs

begins in a serendipitous way

with people buying something and then discovering it

interests them. Try to find a

focus where every small

It does not have to be a

everything has to be of

collection in which

addition to the collection

Illuminates the other pieces

Pelham Galleries.

"Go slowly, keep cool," is the advice of furniture and works

the market, there are still so

quality, rarity and future

against the market and not on

be guaranteed

response from

any dealer or

auction-house

those taking their first

century British art

trade. I canvased a cross-section of London-based

market.

lamented by many among the

he urge to collect something – be it stamps, biscuit tins, Van Goghs or first editions of the Vulgate Bible eems latent in most of us. In the case of real collectors, enthusiasm rapidly turns into bsession. For the rest, doing the rounds of the galleries or 'antiquing" is a pleasurable recreation, maybe even a

domestic chore. In the good old days, of ourse, it mattered less if you had limited means, I call to witness the heroic example of James Hooper, an assistant anitary inspector who at the height of his career earned no more than £65 a week but massed one of the great collections of primitive art. Christie's sold it in five sales

from 1976 to 1980 for £2m. Whether fuelled by passion, acquisitiveness, the desire to order and classify, or by social ambition, today's aspiring collector should pause a moment to refect. Does it matter if what you want to collect is only rarely available on the market? Putting together any kind of significant group of, say, gold-ground Italian panel paintines might take a lifetime. That is why they are relatively inexpensive.

What will your hard-earned disposable income buy for you? Perhaps more important, given the addictive bite of the collecting bug, how often would you need to bring home a new prize? Buying for notion, but it is reasonable to buy prudently or search off the beaten track for objects not hotly contested in the salerooms. Committed collectors have always been way ahead of the market.

Those who feel they would like to collect something but are not quite sure what, could follow the lead of many American collectors who extend their professional interests into the art market and on to the walls of their

A successful architect might collect architectural drawings, for instance - a producer, costume or set designs for therirical or commonial events. There is no doubt that invested in the project, the more pleasure it will bring. It is not uncommon for casual buvers to turn into the most hard-nosed and highly

knowledgable of collectors. What the newcomer can be more or less guaranteed is a warm response from any dealer or auction-house expert. New blood, except in the case of contemporary art, is

great value but it has to have becoming a rare commodity, generation keen to learn is

"There are so many neglected aspects of European decorative art. If in the last 20 years I had an enthusiastic collector of European lacque say, we could have created the world's greatest collection with no trouble at all."

Jay Jooling, White Cube: "I tell people to educate Peter Nahum, 19th and 20th themselves about what they are looking at, and in the immediate history of contemporary art, in order to familiarise themselves with the context of what is being produced now. The criteria for buying are no different. from those I use when deciding to show an artist. Does a work newcomer can of art engage me, stay\_ with me in my mind, and change the way I look at familiar things?

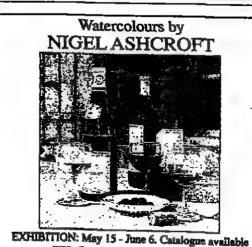
"A collector is a very special species," says Oriental art dealer Giuseppe Eskenazi. "I have no wish to possess, it is enough for me to look at something in a museum. But a collector must possess. I try to channel that energy into what is the best thing available, but only when I am sure that the client knows exactly what he

Clovis Whitfield, Old Maste painting: "Buying 16th, 17th and 18th century paintings requires a certain empathy with the period, curiosity and courage. Open your syes to things other than what you see in books or exhibitions. See as much as you can of what is to be had on the market, and have faith in what you like.

"Do a lot of looking, a lot of research and try to form your own opinions," says Caroline Lumley, Lumley Cazalet. "In the area of prints, the condition is very important and the borderline between reproduction and original print is very shady. If you are not confident about telling the difference yourself, go to a reputable dealer."

Rainer Zietz, sculpture and works of art. "I do not belive in recipes. If someone really wants to collect, they will find their way through. It is as simple as that."





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Thomas Jones had been Pierre de Louveciennes in Rome; the young Corot was in Italy, and Kobke would go to Capri in the early 1840s. Some-

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lence and embarrassment upon each other, keep playing games that get out of hand; and eventually this leads to death.

But, if this were all, Blue Remembered Hills would simply be a re-hash of Golding's The Lord of the Flies or Vigo's Zero de Conduite -in which we are wholly returned to the intensity of childhood experi-ence. Potter, instead, keeps reminding us that he is investigating lost time.

Marber's production is brilliant in catching this. Not only do adults play children (as in Potter's original); their fights are accompanied by the adult music of 1940s swing, jazz per-cussion is used to sound like 1940s gunfire, and Richard Hudson's set is a vast toy Arca-dia of rural English hills, with static toy cows, ducks and sheep on a life-size scale, which these outsize children play with imitated

The very opening is a great

scenic coup de theatre. We see this rolling landscape against its blue sky; we take in its artificial quality; and then up pops the head of a "boy" over the top of this box set, outside this little world and peering in. He bites an apple (the gesture that shattered Eden), and its noise is amplified to sound like an axe cleaving through wood. Hearing an aeroplane over-head, he. "being" a boy, runs up and down the set, "being" an aeroplane.

A too-sympathetic lens

Richard McClure longs for some cynicism to creep in to the work of Eve Arnold

wars are covered - it is central

to our understanding of the

period we live in - but I'm not

sure if it is right for me...

Even now I don't like to think

about South Africa, it is too

Such sensitivity is unusual,

but not without precedent.

among photographers. After entering the Belsen death

Her distaste

springs from a

for life's

brutalities

belief that

can be an

intrusion

photography

ill-mannered

camp with Allied troops in

1945. George Rodger, one of

Magnum's founders, vowed

never to cover a war again. Yet more than most, Arnold sub-

scribes to Henri Cartier-Bres-

son's credo that "at the

moment of death and at the

moment of love, one should

turn away". The result is a

compassionate eye which is

most affecting in her empa-

thetic and steadfastly unsenti-

Of innocence and experience

Alastair Macaulay on a staging that is true to the spirit of Dennis Potter's take on childhood

ugly, too horrible, too vile."

front of her medium. In 1961, "I think it is essential that

as her more experimental com-

patriots took up themes of urban dislocation by exploring

America's "social landscape",

she left the US and settled in

Mayfair where she began to

document the more genteel

landscape of her adopted coun-

try.

Her polite portraits of vicars pushing lawnmowers and

dukes going shootin' are a world away from the social and

political tensions of the day,

and the project (originally called A Loving Look at the

British) says much about Arnold's field of vision. Born

in Philadelphia to Russian

emigré parents, she joined the

in 1951 and covered McCarthy's

communist witch-hunts and

the civil rights movement

before deciding her delicate

disposition was ill-suited to

human conflict. Returning

from an assignment in South

Africa, she was so shaken by

her experience of apartheid

that doctors at first thought

she had suffered a heart

Arnold's distaste for life's brutalities springs from a

belief that photography can be

an ill-mannered intrusion.

When an IRA bomb exploded

in a restaurant near her home

she refused requests to photo-

graph the injured victims. In

the book which accompanies

this exhibition, Arnold writes:

hen the 1960s

broke out in

its rash of

trouble-spots,

photojournal-

ists worth their salt headed for

Saigon or Prague. Not Eve

Arnold. Instead, she could be

found on the Wiltshire film set of Dr Dolittle photographing

Rex Harrison surrounded by

liamas or watching the Queen inspect northern dustbins dur-

But it would be unkind to

suggest that Arnold has spent her life recording the quaint

irrelevancies of our times. For

almost half a century, her

visual anthropology has embraced prime ministers and

assignments for the Sunday

Times, Time and Life maga-

zines which has now been

assembled for a vast retrospec-

tive, opening at The Barbican

It is her second major show

in London in less than five

years. Britain, where she lives.

has proved far more receptive

to her work than her native

US. Indeed, when New York's

Museum of Modern Art

mounted its comprehensive

survey of American photogra-

phy last year, Arnold was

The exclusion is understand-

able. The seventysomething

photographer (she refuses to

divulge her age) has never

been at the pioneering fore-

he world of the late

Dennis Potter, at its

most characteristic, is

at once entertaining

and disquieting: intensely

fronic and highly complex to

experience. The great achieve-

ment of Patrick Marber's stag-

ing - at the National Theatre -

of Blue Remembered Hills is

that, from its first moments, it

plunges us straight into that

uniquely Potterish mental cli-

mate and makes us enjoy Pot-

ter again as a serious, peculiar

and witty dramatist.

0181 903 3791 anytima. Fax 3556

gallery on May 9.

pointedly ignored.

ing Operation Springclean.

The point of Potter's world, in fact, is that it is not a world. The characters are inside and outside themselves and inside and outside their landscape. In this staging they even cast large shadows on the sky. In their mock-childish frustrations, they deliver kicks to the toy animals and even the toy church tower (from which a bell promptly sounds "dong"). The past is seen as hindsight;

childhood is played as an adult re-creation of a lost condition; history is overlapped with pop-ular entertainment; nostalgia is blended with cynicism. And innocence is spliced by

mental studies of a Russian

couple in the process of divorc-ing, or a defeated Havana pros-

titute slumped across a bar.

Her formal colour portrait in

which three wounded US

Marines sent home from Viet-

nam stare grimly at her lens is

as effective a critique of war as

any brazen image from the

Arnoid's civility has worked

in her favour, gaining her access to the closed societies of

a Vatican convent and a Mid-

dle Eastern harem. The same unfailing courtesy also

accounts for the weaknesses in

her work. At times Arnold

shows too much deference to

her subjects, like a guest anx-

reverence blunts her craft.

Assigned to photograph Mal-colm X in 1960, Arnold felt so

privileged to work with one of

the most dynamic leaders of

the century" that she meekly

complied as the Black Moslem

leader stage-managed every

shot to portray either smiling

benevolence or supreme

During her career, Arnold

has supplemented her income by taking stills photographs for dozens of films (including A

Mon for All Seasons and Cleo-

patra) and she has described

how she initiates a "working

friendship" with the actors on

set. This cosy relationship

often spills over into her other

portraiture. Both Marilyn Mon-

authority.

front.

sin. To every bud its worm. We follow this tale of childhood games and disaster to its dire conclusion, we are shown guilt and cruelty and misery, and the ironies of Potter's dramatisation, perfectly caught in Marber's staging, leave us in no doubt that we are watching youthful activity through the filter of adult reflection. The strange thing is that we never lose sight of the fact that these children are innocent, and artless, and helpless. Charming, too. Blue Remembered Hills is frequently funny, touching,

Occasionally, however, it palls. Some of the actors' replication of gawky childhood is rather overdone: in particular there is too much fidgeting with underwear. But this is

The most perfect performances are those of Steve Coogan as Willie and Geraldine Somerville as Angela. Watching them, we are in two states of experience at the same time: immature and mature, outsize and Lilliputian. And, as the most pathetic character of all, Donald, Robert Glenister excellently shows you the wretched "bullyability" of this victim and the anguished grief he has for his missing father.

never a problem for long.

roe and Joan Crawford were

wily enough to recognise an ally in Arnold's sympathetic

lens, enlisting her to photo-

graph them over several years. Although these pictures are

sufficiently distracting - Mon-

roe hitching up her skirt in a

ladies' rest room, Crawford

dyeing her eyebrows - there is

little sense of Monroe's weary

isolation or the snarling men-

Here, Arnold's role is more

trusted confidante than voy-

enristic outsider and while her

methods are certainly bonour-

able, such relentless good man-

ners can prohibit any real dis-

ment to creep into the pictures.

Even when confronted with a

subject she privately loathed -

Margaret Thatcher - Arnold

admits her "sense of fair play"

ensured she produced a flatter

ing portrait - next to a bust of

Churchill, no less - which only

perpetuated the Iron Lady

shown as part of the Eve Arnold: In Britain exhibition,

the National Portrait Gallery

held a champagne reception

for a thousand guests and

Arnold confessed that, survey-

ing the scene, she congratu-

lated herself: "Not bad for little

Evie from Philadelphia", Yes

Evie, not had, but it could have

been even better.

When this photograph was

Frequently, one longs for

ace of Mommie Dearest.

Potter was, we can see now, a thoroughly post-modern art-ist in his web of ironies. Style and content are most strangely connected in his work. And Marber, a director who is emerging with a very powerful sense of both style and content, does him proud. We see the fly preserved in amber and we are compelled by the amber that preserves it.

At the Lyttelton Theatre, South Bank, London SE1.

Television / Christopher Dunkley

## Music on the brain

he three part series
Music And The Mind
which begins on Channel 4 tomorrow evening is simultaneously one of the most fascinating and promising series ever made about an arts subject and one of the most irritating and frustrating.

The press blurb begins "Why does music move us to tears? What do we mean when we say omeone is musical? Why does music make us want to dance?" The series, produced by Jonathan Hewes and directed by Margaret Williams, wins admiration for simply being bold enough to address such a daunting subject. However, it does not actually ask any of those three questions, and therefore, naturally enough, does not answer them. It does ask closely associated questions - What is music for? Is it a means of communicating emotion? Can a computer ever be truly "musical"? - but it never really answers these either.

Perhaps that is hardly surprising. After all, these are the sorts of question which go to the heart of the eternal conundrum about art. What is art? Why do people create it? What is it for? Or is that last question meaningless because the whole point of art is that it is not for anything? Presenter Paul Robertson, visiting professor of music and psychiatry at Kingston University and leader of the Medici String Quartet, clearly believes that human beings have an innate talent for music as they do for language and that the purpose of music is, indeed, to express emotion. The series appears to be based upon his belief that science has now advanced far enough to allow us for the first time to investigate such matters objectively.

He begins by trying to show that music is immate in all of us: how Stephen Wade, after a massive stroke, cannot speak, read or write yet can still compose music; how an elderly confused patient "reacts" to a familiar tune; how Elizabeth Varlow plays the viola with the LSO though she is profoundly deaf; how a French patient who cannot tell whether two simple sequences of three notes are the same or different can still tell accurately whether music is sad or

ut was anybody ever in any doubt that music is closely con-It is interesting to see that when the French patient is being tested it is not Stockhausen or Cage that is played to her but pieces from the standard classical repertoire. Throughout all three programmes Robertson neatly evades the crucial question of Whether it is something about melody, rhythm and harmony which creates the universal

human appreciation of music. There is a famous photograph of a South American Indian listening for the first time to Mozart, his eyes shut in what appears to be ecstatic pleasure. I doubt whether you would get the same reaction if you played Berio to him. But if melody, rhythm and harmony really are at the heart of music's universal appeal, what does this say about the sort of modernist cacophony which professional musicians seem to favour so much more than the general public? It is a question that musicians always seem loath to address and, sure enough, it is ducked continually in Music And The Mind. At one point Robertson is very nearly obliged to acknowledge

it when he is told that all over the world musical styles employ intervals that seem to be closely associated with the human pulse. But in the end he manages to avoid it again. His chief preoccupation, it turns out, is the sort of investigation that allows you to make actual measurements of something. For instance, blood flow measured in the brain of a musician as he plays Bach on a keyboard, and then plays scales. It turns out that there is more activity in areas of the brain associated with expressiveness and emotion during the Bach than during the scales. But, once again, is that

We hear from a German doctor who reduces the amount of anaesthetic used in operations by playing music to his patients. We learn that there is an area of the brain dedicated to remembering the music we hear between the ages of eight and 11. Having been told so often that birdsong is the expression of a territorial claim, here we are told that birds may sing purely for plea-

not what most people would

Fascinating. But at the end of three one-hour episodes I have no more idea than I had when I started of why my mother, relying solely on her ears, was able, after hearing a complicated piece of music once or twice, to reproduce it virtually note-perfect on a piano, not only in the left hand but with all the barmony filled in, whereas I, after three years of lessons, was unable to mas-ter the simplest exercises in the "Farm Tunes" book. It is all very well claiming that musical appreciation is a universal human attribute, but musical ability seems as unevenly distributed as any

#### Radio/Martin Hoyle

## An enthusiast's junket

onight, if you will excuse the expression. is the night. Radio 3 will, gives in. Either way, it stays up all night. With lam, the station begins its 24hour schedule. This week Smetana's cycle Ma Vlast provides a thread, a serial if you like, starting with Vysehrad tonight - or rather at five tomorrow

morning. Also tonight: orchestral and chamber music features: tomorrow Pavarotti sings in Bohème, followed by Early Music and Traditional Arme nian music, and so on. Good luck to all who sail in her. Thanks above all for freedom from Gambaccini. This might bave struck some bright spark as an ideal slot for the bland to

lead the insomniac. Frankly I would not mind Trevor Brooking introducing the odd morceau; or Richard Wilson; or Rory Bremner. All of them feature on the CD that comes with the booklet for this year's BBC Proms, talking about a particular piece of music they claim to be looking forward to hearing.

Anne Robinson describes walking her setter in Kensington Gardens while happily not ing the queues outside the Albert Hall and observing that some bits of England never change. She agrees it is far more fun to be Promming than sitting in the boxes; but carefully omits to say whether she will actually be going this

Jeremy Paxman likes the "slightly mad" atmosphere. Ned Sherrin chooses music by Benjamin Britten probably because he can pronounce it. Richard Wilson, alias Victor Meldrew, reveals himself as a closet conductor who once bought three batons in Glasgow and conducted Beethoven's Seventh in decent pri-

Paul McCartney chooses the Rodrigo Guitar Concerto, an aptly banal and kitschy selection for one who claims to have been interested in serious music for a quarter-century, though the Liverpool Oratorio gives this the lie.

Judi Dench recalls skipping glories of Britain. An embar-classes at Central to hear rassing miscalculation, howmusic rehearsals at the Albert Hall; and John Peel brings a predictably dreary note of gium laddishness to the prohis public school accent to warn us that he might shout "anyone for a pint?" in a reflective moment of Bruckner. Ho-Ho, John. Not really?

atricia Routledge sounds rather like Hyacinth Bucket as she soothingly intones, a sort of female Gambaccini; but Prunella Scales puts her finger on it when she points out that "nobody's there for fashion or publicity". As international festivals go,

the Proms are that rare thing, a populist, enthusiast's junket. The booklet for the 102nd season is out; the concerts start on July 19; every concert is broadcast on Radio 3. Nicholas Kenyon, controller of Radio 3, presided as Proms supremo in his own right for the first time: a warmer, more modest, less breathlessly virtuosic display than his predecessor, but no less human for that. And the institution remains one of the

ever, has been the series A Retirino Fellow on Radio 4. William Donaldson is one of those people most of us have at the ers of irony and self-parody are wasted. The tone of his explo ration of potential retirement homes from Cornwall to Marbella has veered between ostansible radenesa and dead-

pan self-satire.

It was one of those programmes where it slowly dawns on the outsider that the insiders must have had a lot of fun making it, but for the unititiated it was turgidly irrelevant. The series was taken to task on Feedback, presided over by my FT colleague Christopher Dunkley. and an unfortunate young smoothie of an executive tripped himself up by saying it was basically serious but actually tongue in cheek though there was a point but not a serious point ... Er, yes it was comedy but serious comedy.

A rarefied little in-joke rumbled, but not compre-hended, by us proles. Roll on "Land of Hope and Glory".



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## Homes where the heart rules the head

Anne Spackman on retreats for Europe's tired executives

ike applicants in a lonely hearts column, growing numbers of the rich and successful are searching for their dream home. "Tired north European executive seeks idyllic place for weekends and holidays". their advertisement might say. "Any location considered.

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Money no object."

What these people want is a beautiful house in a wonderful setting, within reach of an airport but out of reach of the rest of modern life. Whether it is in Ireland or Scotland – or France, for those who like sunshine - hardly matters, as long as the setting is right.

As the demands of working life have increased, so has the value of a place where work can be left behind. To find that kind of isolation in the right setting means searching beyond the reach of the most determined commuter. That rules out most of England, which may explain why the English have been joining the Dutch and Germans in increas-

ing numbers in Ireland. Two years ago, Knight Frank calculated that 80 per cent of its buyers in Ireland were from northern Europe with 20 per cent from the UK. Now, the

figures are nearer 50:50. Bertie Ross, of Savilla, has a country house in Scotland. "I think we all suffer from an information over-load," he says. "It is getting more and more difficult to find places to get away from that pressure. There is something very special about a complete change of environment. You have a ming pool, "We couldn't wait different philosophy, a differ- to get down to see how the

ent social structure, a whole character of people who regard the middle of the world as somewhere near where they are, rather than London.

"If you arrive in Ireland the whole pace of life slows. It doesn't matter whether you have a high profile at work. You don't have to dress up and behave like someone important. People are far more interested in whether or not you can fish. You can have that kind of lifestyle in Ireland and Scotland because there are plenty of square miles per

For many overseas buyers Scotland and Ireland are interchangeable. Andrew Hay, of Knight Frank, has buyers from northern Europe and the Far East who say they want an island or a beautiful country house in parkland. "They view Ireland and Scotland as one market." he says.

The same northern Europeans dominate the market for country properties in France. in areas such as Gascony and the Tarn, accessible from Toulouse or Nice airports, househunters are likely to be German, Dutch, British or Scandinavian. As everywhere, the British tend to buy the places which need renovation whereas everyone else prefers to buy "ready to go"

Gerald Fox, a banker from Wimbledon, bought a run-down château near Castres in 1989. The pink-washed house, with shuttered windows and a tower, had 5 acres of grounds which he set about landscaping, adding a swim-



PROPERTY

In Scotland: Achany House, Lairy, Sutherland. Baroniel aplendour for offers over £295,000



work was progressing," he says. "It was one of the great pleasures of owning it."

The family bought in the Tarn because it was an area they knew from their holidays because Fox's wife, Agnes, is half-French. But the other reason they bought was for the lifestyle. "Bouyrol is an unbelievable property to own," he said. "I couldn't in my wildest dreams have thought of buying somewhere like that in England. You get the space, the land and the large rooms. In spring we sit on the terrace and look out over the most wonderful views I've ever

All this in south-west France costs around £300,000. Bouyrol, being sold by Hamptons International, is priced at around £280,000. Figures from Savills Research suggests you would

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have to spend at least £500,000 to buy anything similar in southern England.

Prices in Scotland and Ireland are similar to those in south-west France. Savills is asking for offers of more than £295,000 for Achany House near Lairg in Sutherland. The baronial property, with four reception rooms, six principal bedrooms and four bathrooms, is set in 9 acres 48 miles from inverness Airport.

in Ireland, Knight Frank and Jackson-Stops McCabe are asking I£300,000 for Kilmokea in County Wexford. The Georgian house in 20 acres has seven bedrooms, four reception rooms and spectacular gardens. It is about 15 miles from Waterford Airport.

lf Kilmokea were nearer Cork, Shannon or Dublin airports, it would probably cost at



In France: Bouyrol house, in the Tarn, is priced at around £280,000

least \$50,000 more. John Hamilton, of Jackson-Stops McCabe in Dublin, says prices have risen around 20 per cent in the last couple of years for good country houses in the prime parts of Ireland, with Dublin becoming an ever stronger

Prices around the south-west coast start at around £2350,000 for a good house with grounds, but in Dublin you are likely to pay nearer I£600,000. "There are plenty of rich Irishmen competing within the commuting belts of Dublin and Cork," says Hamilton. "A lot of foreign buyers go elsewhere."

At the moment Germans are eyeing areas further north in Galway and Sligo. Half the recent purchasers around Loch Arrow have come from Germany. Sir Andrew Lloyd Webber, one of the British celebri-

ties who has helped develop Ireland's reputation as a fashionable place to live, bought his stud farm in County Tipperary. With the improvements in road and air communications, these places are no longer prohibitively inaccessible.

But transport and price remain, in a sense, secondary considerations. These are purchases where the heart rules the head. As Bertie Ross of Savills put it, if you looked at the costs of running and getting to such a house and at the time spent there, the figures would never add up. "The more difficult it is to get to, the greater the desire to go," he

Knight Frank 0171-629 8171: Savilla, Edinburgh 0131-226 6961; Hamptons International 0171-493 8222; Jackson-Stops McCabe, Dublin 577-1177.

### On The Move Confident start

ow that boom has become a four-letter word in the property business. agents are instead describing the market this spring as buoyant, confident or any other appropriately me adiective.

The country house market is at last feeling the ripples from London, with many big house being sold in the last few weeks. Saville has found buyers for more than £20m worth of property, including \$2.5m for Purley Hall at Pangbourne in Berkshire, 3.5m for Larkenshaw at Chobham in Surrey and at \$2.5m The Wick at Richmond Hill. All have gone to UK. purchasers. The largest deal, worth £14m, involves a sale of property and land near

In central London, prime values have begun to rise after eight months of stability. Houses in the best locations rose by around 4 per cent in the first quarter, while flat prices remained static, giving an overall rise of 1.1 per cent. according to Savills Research It says the reeson for the discrepancy is the increase supply of new flats coming on

to the market. The mood of cautious optimism extends to the mass market. Members of the Royal Institution of Chartered Surveyors report the strongest housing market for two years. More than 30 per cent say prices are rising slightly, while just 8 per cent record slight falls. This compares with figures of 5 and 30 per cent

respectively reported last July. The improvement has shown through in nine months of successive rises in the Halifax house price index. This, in turn, has had an impact on negative equity. In the first three months of the year the number of affected households fell below 1m for the first time since 1992, according to Rob Thomas of URS

However, this still leaves 964,000 sufferers, plus around 2m more with less than £5,000 of equity in their property.

That means around 30 per cent of mortgaged bouseholds cannot afford to move without

the help of special schemes. In the past two years the property market has been active in the first quarter, only to fade at Easter, its traditions high season. This year it looks different. The country house market in particular has grown stronger over the past month. This is the best market we have had for many years," says lan Stewart of Savills.

■ The London lettings market is also looking up. Cluttons London Residential, now bearing the Hamptons name since the merger of the two businesses in February, reports an increase in tenancies of 25 per cent in the first quarter of this year compared with the

same period in 1995. Penny Part-Head, the lettings director, said the second half of 1995 saw a slow-down in prime central London, with tenants looking for cheaper rents further out. This year has seen the return of the big corporate

One-third of the new tenancies created in March were at more than £1,000 a week, compared with 17 per cent in the previous quarter. Last week there were four inquiries from tenants looking to pay more than £6,000 a week to rent a London house.

Whitton Place, with its mock Regency white facade looks like a house in Beverly Hills, but is, in fact, in Tongdean Road, Hove, East Sussex. The house has been remodelled into a Californian-style home, complete with palm trees around the swimming pool. It has a Koi pool with waterfall, a bedroom with a revolving ceiling and a shower concealed in a chandelier. There are five bedroom suites, five reception rooms and a tennis court. Hamptons in Horsham (01403-211766) is asking for offers in the region of £1.5m.

Anne Spackman

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This will be the second broadsheet colour supplement of the year, entirely devoted to the Worlds Property market. They are known to create an avid interest amongst the Weekend FT readers, who are all affluent and genuine respondents.

The quality and stature of the supplement provides a perfect background for advertisers to display their characteristic properties to an audience spanning 160 countries around the world.

The editorial topics not only cover the home market but also international, and include: The Cost of Urban Living Around the World, Horsey Properties, South Africa, The Art of Negotiation, Cheltenham and Bath etc.

For further information, please call the Property Team: Tel: 0171 873 4744 Fax: 0171 873 3098

#### Thile surfing on the Internet, you might well spot a LONDON PROPERTY property or two MANCHESTER STREET, W1 for sale. These could be on a variety of web sites set up A DEVELOPMENT OF 5 SELF CONTAINED 2 either independently by estate BEDROOM APARTMENTS TOTALLY REFURBISHED agents or by one of the compa-nies advertising homes. At present, there are not BEHIND A GEORGIAN FAÇADE WITH THE BENEFIT OF A 10 YEAR NHBC GUARANTEE AND LOCATED TO

enough agencies or properties on the Internet for it to be that effective, but it has to start somewhere. "I'm pretty keen and we want to be ahead of the game," says Christopher Dol-lard, head of marketing for Strutt & Parker, "but the sites need to be made more userfriendly. However, we intend to be using one or other of them, before long."

Sceptics say that it will take at least 10 years for the Inter-net to be a household tool, but if you think that many of us are now fax and answerphone literate - people who said they would never use either only a few years ago - then that is likely sooner rather than

The Internet has more than 40m users worldwide, of whom 2m are in the UK. More estate agents, encouraged by compa-nies selling their Internet wares, are trying to decide whether it is better to get in at the beginning, or adopt a wait-and-see attitude.

John Young, of agents Hum-berts, says the company will use the internet – in the full-ness of time. "When all the buying public have got a com-puter, they will do their initial househunting on the telephone rather than wasting shoe-leather. I look forward to it." Individuals are also beginning to put their properties on the Net. The outlay is small compared with a full-page advertisement in a glossy magazine, so it does not hurt the pocket very much if there is no

Ruth and Gordon Humphrey put their house, Hough Hole House in Cheshire, on the Prestige British Properties register as well as with their local agents, Gascoine Holman. It sold, through someone seeing it on the Net, within eight weeks. "It was such an unusual house that it had a limited market and we felt wa needed to spread the promulga-tion of it a bit wider than usual," says Humphrey.

Prestige British Properties (International), (01935-881992; http://www.zynet.co.uk/u-khomes) has been on the Internet for about a year and its register of properties has risen to more than 700. This includes homes in all parts of the country and overseas and the service is accessed by users around the world.

## Surfing the Net for the right house

Mary Wilson on how computers can make searches easier



Peter Callaghan, registrar of the company, says: "Someone phoned up from Singapore about a house they had seen for sale in Dorset. They subsequently placed a house of theirs in New Zealand, which they wished to sell, on the property directory. I reckon that out of 1,500 weekly inquiries, about 25 per cent convert Both individuals and estate

agents use the service and it is cheap compared with other sites. It costs £25 to register a property, plus £25 per photo-graph, which remains on the Net until the property is sold.

A new product was launched on the net in February by Euro-Property Network, which has a site for selling property using quick time virtual reality. This means that once a user has the site on screen, he can not only look at static pic-tures of a house but, by using the computer mouse, can move around the inside of chosen rooms to get a feel of the prop-

erty. This is achieved by a digital camera taking many pictures moving gradually around the room which are then joined together and merged by com-puter so that it looks like an almost perfect moving picture. Sometimes the perspectives become slightly unreal, but the pictures are clear and

Anthony Dunkley of Euro-Property Network (0171-258 3999, http://www.europropertynet.com/epn/) says: "We are the first property dedicated site with quick time virtual reality [QTVR]. It is good for high-calibre properties which could sell in the international market final choice."

and also house builders, several of which have already shown considerable interest," The charges are between £50

to £100 per property per month for static shots and sales particulars. The QTVR pictures cost from £1,000, depending on how much is photographed.

"I expect the site to be used by estate agents as a comple-mentary marketing tool. For example, instead of having a video made which has to be copied every time they want to send it out, once all the photography has been done for our service that is it," says Dunk-

He has been selling property in Italy, where he lives, for the past 10 years and saw new technology as a welcome adjunct to conventional marketing methods. He has properties for sale in England, Italy, Spain, Cyprus and Greece with agents such as Hamptons, Sav-ills and Stern Studios also talking to him about possible

Yet another Internet service, netEstate (0171-584 2184; http:// netestate.dsres.com), was launched in June last year. This is open only to estate agents and Matteo Berlucchi, one of the directors, has discovered that most are reluc-tant, as yet, to use the Internet. "But, I think, this year should be the year they make their minds up," he says. Chestertons international is

one of the agents which has used the service and, so far, finds that rental properties work better than those for sale. We get inquiries every day through E-mail from all over the world for properties to let," savs Berlucchi.

The service gives detailed perticulars of properties with pictures and street maps, which you search by filling in a detailed form. This costs an agent £30 per property, and it is up to them to let netEstate know if it is sold or let.

The search programme is intelligent enough to get close to what you want. If it does not have the exact specifications it will come up with something similar. It also gives detailed information on mortgages, a mortgage calculator and the eeal side of home buying.

Property finding on the Internet is in its infancy, but it ls growing up fast. Charles Philipot, of Savills, which has its own web site, says: "Eventually the Internet will offer purchasers the ability to narrow down the options by looking at all the rooms on screen and interrogating the system. This will mean they will have to see fewer properties in actuality to make their

#### FOOD AND DRINK

Claret

## The pick of the 1995 vintage

Edmund Penning-Rowsell thinks the success of last year's crop is assured

red Bordeaux vintage was assured before a grape was picked. The prime characteristic was précocité, according to the annual post-vintage reports of Professors Ribereau-Gayon and Guimberteau, the heads of the Oenological faculty at Bor-

deaux university.
It was a mild winter with plenty of rain in January and February. The early spring was warm and dry and the budding was early. Some April frosts had an effect in various districts but the mid-flowering took place on June 4, 10 days earlier than average. There was little coulors (failure to set fruit). The three summer months were very hot, with 67 days having a temperature of more than 25°C (78°F), comnared with an average 47 days: and 34 days of over 30°C (86°F)

The difference between 1994 and 1995 was that last year the Cabernet Sauvignons were ripe, which they were not in the previous year. Rain fell throughout the region between September 6 and 19, followed by a fortnight of good weather. Growers who panicked, and nicked between the downpours. made less good wine than those who took the risk and picked from the 18th onwards. The hard-stressed grapes welcomed the rain rather than being diluted by it.

It is too early to slot 1995 into its historic level, but one broker suggested that 30 per cent of the yield was outstanding, 50 per cent was a good average and 20 per cent disappointing: certainly the best vintage since 1990, but perhaps not as good as that year. The colour is very deep, the

promising, and the flavour well-balanced, with the tannins ripe. I attended the Union des Grands Crus tastings for the trade, which preceded those for journalists, and this enabled me to visit seven first-growths as well as Ducru-Beaucaillou, Cos-d'Estournel and La Mission-Haut-Brion, which are not members of the Union.

Léoville las Cases has not opened its cellars for tastings. I have indicated here (see box) those wines that attracted me, and marked with a star those which appeared to be particularly successful My selection, out of more

than 100 tasted, is related to varying levels of class and quality. In each district the first-growths are placed first. My favourite first growths are Latour, for its strength and power, and Margaux for its

aromas often still closed but finesse and elegance. The Petrus and J.P. Moueix properties are not members of the Union and I was unable to taste them.

Many prices have not come out so far. However, three firstgrowths have appeared - Haut-Brion, Margaux and Mouton Rothschild - at what was a record price in 1989, FFr230 a bottle initially, they are also offering a smaller proportion of their crop than usual and will soon follow with a second

tranche at higher prices.

Those contemplating buying the first-growths must consider a duty-paid/delivered figure of around £600 a case. Moreover a number of chateaux have imposed a mini-

mum resale price on the Bordeaux merchants: on Haut Brion, FFr260. Second-growths are likely to be as high as FFr120 ex-cellars, but others may be less demanding. In general the prices are likely to be 10 per cent to 15 per cent higher than for the 1994s, but some will be higher still, such as Haut-Brion.

The 1995 vintage is certainly one to buy, but not one for those seeking a profitable investment for the future. But those who have not yet acquired the good, much cheaper 1994s, should not omit to do so. There will be great demand from the US and Japan but Bordeaux rewards those who support them regu-

larly, including the UK. The US and east Asian markets have bought little since the 1990 vintage. Further, if the three-year-old pattern of hot summers continues. with variable vintage-time rains, we may find that we are in a cycle of fine years, in which case opening prices may well fall.

#### Edmund Penning-Rowsell's 1995 selection

WEDOC

Bas-Medoc La Tour de 🗃 Haut-Madoc Seaumont Cantemerle Coutran Dauzac

Moulis Fourcas-Dupré Fourcas-Hostel Poujeaux\* Marcaux Ch. Margaux

Malescot St Enupery Monbrison Pairner\* Rausan-Ségis Siran

Angludet\*

Ducru-Beaucailo Langos Lécville-Serton Leoville-Poylemi Pavillac Les Forts de Latour Mauton Rothschild\* Grand-Puy-Lacoste Hard-Batailley Lynch-Bages Pichon-Longueville Pichon-Comtesse-de Pauillac (de Latour)

Pontet-Canet St Estéphe Cas-d'Estournel Lation-Rochet Ormas-de-Pez Phelan-Segur

ST EMILION AND POMEROL

Cheval Blanc Balestard-ia-Tonnelie Cap de Mourin La Dominique Figeac Grand-Mayne Lamiande Larcis-Ducasa Troplang-Mondat La Conseillante La Cabanne

L'Evangile

Petit-Village Vieux-Ch.-Certan

RED AND WHITE GRAVES

Ch. Haut-Bnon' Bahans (of Haut-Brion) Carbonnie Dom. de Chevaller Haut-Beilly\* Pape-Clément La Mission-Haut-Brion Smith-Haut-Lafitte Ch. Haut-Brion blanc Carbonnieux La Louvière

AND BARSAC

Pape Clement blanc

Ch. d'Arche Doisy-Daene

#### Cookery / Philippa Davenport

## The Cinderella vegetables

ill you hear about it first Archer, the organic farmers on BBC Radio 4's everyday story of country folk? They will surely be bursting to talk about it and to give it their support, just as soon as they have sorted out their problems with the raspberry

"It" is The Vegetable Challenge, a campaign spearheaded by the Guild of Food Writers that aims to create greater awareness about the importance of vegetables. To this end a conference is planned for May 21 at the Savoy Hotel. London.

The occasion brings together, for the first time, interested parties across the spectrum.

They will consider and discuss the main political, economic and social issues involved in the production, selling and consumption of fresh vegetables in Britain and begin a collective effort to find a better way forward.

Everyone knows that fresh vegetables are vital to good eat more of them. Yet I am told that government support for those who grow and promote vegetables is virtually nil. Horticulture remains the one unexploited area of British agriculture that could directly benefit the nation.

Only about 10 per cent of the country is devoted to horticulture and this acreage is dwindling. The meat and wheat farming lobbies are stronger. They might be described as the ugly sisters to horticulture's poor Cinderella. The vegetable industry carries no weight; its lobby has little voice. This could change after May 21.

Ultimately, as consumers, we hold the key to our own future. Nothing now is done except in the name of consumer demand. Whether the UK has a thriving vegetable sector offering fresh, locally grown produce in season, or whether people settle for novelty numbers brought in from all over the world: whether Britons enjoy the bio-diversity of varieties that boast individual flavour and texture, or whether they succumb to a

diet of F1 hybrids bred for high yield, easy cultivation and storage. is all up to the consumer.

Tomatoes serve to illustrate the point. So much fuss has been made in recent years about the lack of flavour in shop tomatoes that the trend is starting to be reversed. But at what cost? UK consumers are now in the ludicrous position of being asked to pay a premium price for tomatoes "ripened on the vine" and "grown

for flavour", criteria one might reasonably expect to take for granted. Changes are also afoot concerning potatoes. Instead of anonymous reds, whites, old potato varieties by name, including some flavoursome old varieties

A series of conundrums has to be faced. People in the UK may think they care but most are probably quietly guilty of helping to kill their horticultural industry. Seasonality is becoming a sad joke and the high street greengrocer is a dving breed. Britons may claim loyalty to home-grown asparagus, for example, but who in England has not occasionally bought imports when their own crop is out of season? How faithful are people in support-ing the local greengrocer instead of the supermarket, where the fruit and vegetables will probably have been trucked half way around the

country (if not imported)? In Britain we say we believe in organics and traditional growing methods that make little use of chemicals, yet frequently a blind eye is turned to the fact that much of what is

bought is grown by unsustainable methods. Supermarkets cash in on our supposed lack of time, pandering to consumer laziness by offering more and more foods in scrubbed shrink-wrap form. Beans come ready topped and tailed, potatoes are readyscraped, cauliflowerss are broken into florets, carrots are cut

into batons. Whole fresh fruit and veg, sappy and vital, damp and earthy, inspire the cook to cook and get the gastric juices flowing. Stripping and trimming in advance may save a few minutes in the kitchen but it also encourages freshness to ebb away fast - and it destroys the clues necessary for recognising good quality. I fear the next generation of children may not know what a whole cauliflower looks like, let alone know how to judge its quality. When vegetables are given a

short back and sides and straitacketed in film wrap (in other vords when they are deprived of their naturally seductive selling points), the vendors must resort to artificial means of wooing customers. Increasingly they lure us with novelty. Greater variety is the polite terminology, but what it boils down is to novelty - and

Take a serious look at the "country of origin" labels next time you go fruit and vegetable shopping and you may be amazed, particularly in supermarkets, to discover just how much of the produce on offer comes from outside the UK.

The UK's massive influx of imported novelty produce is, alas, largely at the expense of local vegetables - I mean the traditional garden vegetables which grow best in Britain. They are being squeezed out as shoppers are encouraged to win applause at table rather than aim to please with good foods well chosen and well

The implication is that those who can afford to will want to upgrade from "ordinary" veg to "exotics". Yams, dinky little sweetcorns and tasteless imported green beans, must be more interesting and worthwhile to the UK consumer than, say, curly kale, beetroot

or parsnips. Although I am probably as prone to show off as the next

person, I am not convinced

first brought the town of Mionnay, just outside Lyons, to the world's attention. Jousse is leaving Mionnay for a week to cook at The Windows restaurant, atop the London Hilton, May 13-18. For res-

ervations ring 0171-208 4020. 

L'Oranger is one of the latest names on London's growing restaurant scene. It occupies the former site of Overton's, 5 St James's Street SW1, (0171-893 774) and is part of the A-Z restaurant group which runs Aubergine and Zafferano in the capital. L'Oranger's opening prices are £16 for a two-course lunch, £22 for a three-course dinner.

#### BERRY BROS & RUDD En Primeur 1995 Clarets

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on 0171 396 9600 or fax 0171 396 9619 that foreign asparagus is more such modest treats as purple sprouting broccoli, Jerusalem desirable than home-grown artichokes. English garden leeks. I do know, however, that peas (I mean fresh not frozen) asparagus is a great deal more expensive, and I sometimes and runner beans in season shoppers ought to check more thank heaven for Scottish genes of thrift and commonclosely what they buy. sense. I also know that if the

My personal mini vegetable challenge is to aim to buy at least half my weekly vegetables in future from a local greengrocer, pick-your-own or vegetable box scheme. Do not imagine, however, that just because the produce will be whole, fresh and locally grown. that I shall indulge in that quaint British custom of killing vegetables by drowning.

■ The Vegetable Challenge conference is to be held at The Savoy Theatre, Strand, London WC1 on May 21 1996. Tickets, including wine and lunch prepared by Anton Edelmann, the Savoy's chef. Cost £55. For details, telephone or fax Christina Thomas, secretary, Guild of Food Writers, on 0171-610 1180.



demand for such vegetables as

fresh home-grown leeks and

cauliflowers continues to fall,

these vegetable will be scarcely

worth growing in the UK on a

commercial scale. If UK grow-

ers go under, the land is liable to be turned over to non-

Those who suffer most are

the poorest in society. Clearly unable to afford novelty vege-

tables at inflated prices, they

are the people whose need to

eat more fresh veg is probably

greatest. If the cheaper tradi-tional vegetable market disap-

pears, the poverty spiral will worsen and so will the health

If we value the thought of

being able to continue enjoying

of the nation.

horticultural purposes.

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- UPDATE -

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- UPDATE -

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### Appetisers / Nicholas Lander

## Robuchon to say 'adieu'

Robuchon, in Paris on July 5. Robuchon had always said be would retire at 50, after 35 brated Frenchman, Alain culinary finale comes only six months late. What is more surprising is the name of Robu-The restaurant, to be

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French three-star Miche-

tin chef, will cook his last meal at his restaurant,

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e will pay as eften hammer p Payment IND HEDIATE.

renamed "Alain Ducasse", will

reopen on August 12 when, doubtless, tables will be just stars. Although Michelin does award these stars to the chefs rather than to the restaurants their status will not be affected until the next Michelin guide in spring 1997.

of controlling six Michelin

As if in answer to my criticism about wines served by the glass in British restaurants. The Crescent has opened at 99 Fulham Road, south west London (tel: 0171-225 2244). There is a continually changing list of eight distinc-

tive wines by the glass; more

than 100 keenly priced wines

by the bottle plus a smaller reserve list of older wines.

It is a useful address for those who like to shop (it is 100 yards from Brompton Cross) with, on the evidence of one visit, enjoyable if not exemplary, food. Opening hours are useful too: Monday-Saturday 8.30am-11pm, Sun-day 10am-10.30pm.

According to the leading guides. Philippe Jousse is one of the rising chefs of France. As if establishing his own name in a highly competitive market were not enough, Jonsse has had to achieve this in the shadow of the reputation his late, much lamented master, Alain Chapel, who

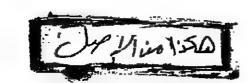
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#### INTERNATIONAL ARTS GUIDE

The MET Orchestra: with

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Schim Kunsthalle Tel:

many others; to May 12

Museum voor Sierkunst Tel:

of the Museum Boymans-van

1970 and 1995; to May 5

De Vlaamse Opera Tel:

8pm; May 7, 9, 11, 14

**■ GLASGOW** 

44-141-3326633

7.30pm; May 11

CONCERT

49-40-351721

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III LAUSANNE

Salle du Métropole Tei:

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Lausanne: with conductor Michel

Swierczewski and pianist Vladimir

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Evgeny Kissin: the pianist

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businessman, publisher, calligrapher

and passionate socialist. The

exhibition shows the works and

examines the influence of William

Morris in books, textiles, ceramics

furniture, wallpapers and stained

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Chol; 7pm; May 11

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CONCERT

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by Elgar Howarth and performed by

De Vlaamse Opera. Soloists Include

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Glasgow Royal Concert Hall Tel:

conductor Riccardo Muti perform Mozart's Symphony No.34 in C, K338

and Bruckner's Symphony No.7 in E;

Wiener Philharmoniker: with

Hamburgische Staatsoper Tel:

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EXHIBITION

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perform works by Wagner, R. Strauss

Prospect 96: exhibition devoted to

photography and its role in modern

art. The display includes works by John Baldessari, Lewis Baltz, Gilbert & George, John Hilliard, Cindy

Sherman, Jeff Wall, Boyd Webb and

#### What's on in the principal cities

#### ADELAIDE

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1. . . .

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EXHIBITION Art Gallery of South Australia Tel: 61-8-2077000 Brett Whiteley Retrospective: Selected Masterpieces: this touring achibition highlights the artistic talent of one of Australia's most controversial artists. Selected from the retrospective which was held last year, the exhibition comprises peintings from public and private collections in Australia and other countries. It charts Whiteley's work from the early abstracts and landscapes produced in London in the 1960s to the Sydney Harbour paintings of the early 1980s; from May 10 to Jun 16

Adelaide Festival Theatre Tel: 61-8-216-8600 Les Pêcheurs des Perles: by Bizet. Conducted by David Stanhope and performed by the State Opera South Australia. Soloists include Douglas Mc Nicol, Patrick Power and Jenny Wollerman; 7.30pm; May 7

#### THE AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573

Cecilia Bartoll: accompanied by planist Gyorgy Fischer, The mezzo-soprano performs songs by Scarlatti, Pergolesi, Haydn, Gluck, Bellini and Rossini; 8.15pm; May 12 Koninklijk Concertgebouworkest: with conductor Nikolaus Hamoncourt and violinist Thomas Zehetmair perform works by Brahms and R. Schumann; May 8, 10, 12 EXHERTION

Rijksmuseum Tel: 31-20-6732121 Disegni. Drie eeuwen Italiaanse tekenkunst uit eigen bezit: exhibition featuring 80 drawings by Italian artists from the 15th to the 18th century. included are works by artists such as Pierlo di Cosimo, Sebastiano del Piombo, Frederico Barocci, Carlo Marata and Giambattista Tiepolo; from May 11 to Aug 19 Stedelijk Museum Tel: 31-20-5732911

 John Chambertain. Recent werk en goade herinnerIngen; exhibition of sculptures and photographs created between 1967 and 1995 by the American artist John Chamberlain; from May 11 to Jun 30 Van Gogh Museum Tei: 31-20-5705200

 Van Gogh drawings, Part I: each summer for the next four years the museum will publish a volume of the catalogue of its collection of Van Gogh drawings. To mark each publication, a summer exhibition will be held. In the course of this four-year period more than 500 sheets will be displayed. The first exhibition is devoted to the period from 1880 to 1883. The exhibition also focuses on Van Gogh's drawing techniques; from May 10 to Sep 15

#### ANTWERP

CONCERT De Singel Tel: 32-3-2483800 Koninklijk Filharmonisch Orkest. van Vlaanderen: with condcutor Grant Liewellyn and trumpeter Hakan Hardenberger perform works by R. Schumann, Pärt, Zimmerman and Besthoven; 8pm; May 11 DANCE

De Singel Tel: 32-3-2483800 Un moto di gioia: a choreography by Anne Teresa de Keersmaeker to music by Mozart, performed by Rosas. Soloists Include Marion Ballester, Nordine Berchof and Bruce Campbell; 8pm; May 9, 10, 11

#### **BERLIM**

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CONCERT Konzerthaus Tel: 49-30-203090 Akademie für Alte Musik Berlin: with conductor Jac van Steen and pianist Alexei Lubimov perform works by Vorisek, Schubert and Mozart; Born: May 5

 Ketia und Marielle Labèque: the pianists perform works by Mozart, Debussy and Ravel; 8pm; May 8 OPERA Deutsche Oper Berlin Tel:

49-30-3438401 André Chénier: by Giordano. Conducted by Rafael Frühlbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Bruno Sebastian, Alexandru Agache and Lisa Gasteen; 7.30pm; May 7, 12 ttsoper Unter den Linden Tel:

49-30-2082861 Des Rheingold: by Wagner.
 Conducted by Daniel Barenboim and performed by the Staatsoper Unter den Linden. Soloists include Falk Struckmann and Antti Suhonen; 7.30pm; May 11

#### BONN

EXMIRITION Kunst- und Austellungshalle der Bundeerepublik Deutschland Tel: 49-228-9171200

Class Oldenburgh: an Anthology: containing 200 drawings, collages and aculptures, the exhibition bears es to the creativity of this artist, one of the leading figures of American art associated with the Pop Art movement. On display will be works from the cycles "The Street" and "The Store, Soft Objects" from the 1970s as well as models of his monumental sculptures. A special feature is the "Mouse Museum/Ray Gun Wing", one of the artist's large-scale installations; to May 12 OPERA

Oper der Stadt Bonn Tel: 49-228-7281

 Fiderio: by Beethoven, Conducted by T. Karlsen and performed by the Oper der Stadt Bonn. Soloists include



Artist William Morris: celebrating his life's work in London and New York

K. McCalla, A. Steblianko, P. Hunka, J.P. Bogart, A. Mendrok and C. Conde; 7pm; May 5

#### **BRUSSELS**

CONCERT Théâtre Royal de la Monnale Tel: 32-2-2291200 Viadimir Chernov: recital by the baritone, accompanied by pianist Vasa Chachava; 8pm; May 10

Koninklijke Vlaamse Schouwburg Tel: 32-2-2194944 De Keizer van het Verlies: by Jan Fabre. Directed by Jan Fabre and performed by Dirk Roofthooft; 8pm, Sun 3pm; from May 11 to May 16

#### CHICAGO

CONCERT Chicago Orchestra Hall Tel: 1-312-435-6666

 Chicago Symphony Orchestra: with conductor/violinist Pinchas Zukerman perform Mozart's Violin Concerto No.3, Violin Concerto No.5 and Haffner Serenade; 8pm; May 8 (7.30pm), 9, 10 (1.30pm), 11, 14 (7.30pm) JAZZ & BLUES Chicago Orchestra Haii Tel:

 Joe Williams and The Count Basie Orchestra: perform jazz music; 8pm; May 10

#### COLOGNE CONCERT

Opernhaus Tel: 49-221-2218240 Gabriele Schnaut: accompanied by pianist Nina Tichman. The mezzo-soprano performs songs by R. Schumann, Wagner and Ruzicka; EXHIBITION

Walter Richartz Museum Tel: 49-221-2212372

 Adam Elsheimer: Variationen zu "Die Steinigung des HL Stephanus": this exhibition focuses on the differences and similarities betw the painting "Die Steinigung des HI. Stephanus" by the German artist Adam Eisheimer (1578-1610), from the collection of the National Gallery of Scotland in Edinburgh, and a painting on the same theme in the Wallraf-Richartz-Museum which probably also was created by Elsheimer: to May 5

#### E COPENHAGEN DANCE

Det Kongelige Tester Tel: 45-33 14 10 02

 Romeo and Juliet: a choreography by Frederick Ashton to music by Prokofiev, performed by the Royal Danish Ballet, Soloists include Johan Kobborg, Thomas Lund and Kirsten Simona; 8pm; May 10 JAZZ & BLUES

Copenhagen Jazzilouse Tel: 45-33 15 26 00 James Moody & Christina Nielsen Quartet: perform jazz music; 9.30pm;

#### May 10

OPERA Opernhaus Düsseldorf Tel: 49-211-89080

**DUSSELDORF** 

 Das Rheingold: by Wagner. Conducted by Hans Wallat and performed by the Deutsche Oper am Rhein, Soloists Include Bodo Brinkmann, Christoph Erpenbeck Roelof Oostwoud, Eberhard Büchner, Hermann Becht, Helmut Pampuch, Hans Tschammer, Malcolm Smith and Christina Hagen; 7.30pm; May 8

#### EDINBURGH CONCERT

The Queen's Hall Tel: 44-131-6683456 The King's Consort: with oonductor/harpischordist Robert King, trumpeter Crispian Steele-Perkins and oboist Katharina Spreckelsen perform works by Telemann and Vejvanovsky; 12noon; May 9 EXHIBITION

National Gallery of Scotland Tel: 44-131-5566821

 David Le Marchand (1674-1726): An Ingenious Man for Carving in lvory: exhibition of works by this French-born artist who settled in Edinburgh in 1696. Patrons who flocked to him for portrait busts and cameos included royalty - Queen Anne and King George I - aristocrats such as the Duke of Mariborough, politicians and intellectuals; to May 6

#### FRANKFURT

CONCERT Alte Oper Tel: 49-69-1340400 Ronnie Scott's Tel: 44-171-4390747

Les Konitz Quintet; with Kenny Wheeler and special guest Claire Martin; 10.45pm & 1am; from May 8 to May 12 OPERA Royal Opera House ~ Covent

glass; from May 9 to Sep 1 JAZZ & BLUES

Garden Tel: 44-171-2129234 Tosca: by Puccini. Conducted by Evelino Pido and performed by The Royal Opera. Soloists include Nelty Mindolu, José Cura, Robin Leggate and Anthony Michaels-Moore; 7.30pm; May 8, 11

#### MADRID

EXHIBITION Fundación Cultural Maptre Vida Tel: 34-1-5811628 Postrimerias. Alegorias de la

muerte en el arte español contemporáneo: exhibition focusing on death as a theme in the work of Spanish contemporary artists. The display features 60 works by more then 30 artists, including Picasso, Dali, Solana, Saura and Tapiès; from May 7 to Jun 30

#### E MILAN

THEATRE Teatro Carcano Tel: 39-2-55181377 La Mandragola: by Machiavelli.
 Directed by Mario Missiroli. The cast includes Paolo Bonacelli, Cesare Gelli, Sabrina Zaninotto and Fransesco Acquaroli; 9pm, Sun 3.30pm; to May 5 (Not Mon)

#### MONTE CARLO

CONCERT Salle Garnier Tel: 33-93 15 83 03 Cecilia Bartoli: accompanied by pianist Gyorgy Fischer. The mezzo-soprano performs songs by Mozart, Bellini and Rossini; 9pm; May 5

#### MUNICH

CONCERT Philharmonie im Gasteig Tel:

 Anne-Sophie Mutter and Lambert Orkis: the violinist and planist perform works by Brahms, Debussy, Beethoven, De Sarasate and Wieniawski; 8pm; May 5 EXHIBITION

Haus der Kunst Tel: 49-89-211270 Die russische Avantgarde: this exhibition brings together more than 500 works of Russian avant-garde art from the original collection of George Costakis. The display includes works by Chagail, Goncharova, Kandinsky, Kliun, Lissitzky, Malevich, Popova, Rodchenko and Tatlin. After Munich, the exhibition will travel to Tampere and Paris; from May 10 to Aug 4

Neue Pinakothek Tel: 49-89-23805-195 Münchner Maler des 19. Jahrhunderts und die Schule von Barbizon: exhibition of works created by Bavarian landscape painters between 1850 and 1895. The exhibition includes about 100 paintings and focuses specially on the influence of the Barbizon School; to May 5

#### NEW YORK CONCERT

Avery Fisher Hall Tel: 1-212-875-5030 New York Philharmonic: with conductor André Previn and planist Mitsuko Uchida perform works by Ravel and Korngold; 8pm; May 9, 10 (2pm), 11, 14 (7.30pm) Carnegie Hall Tel: 1-212-247-7800

 Emanuel Ax and Yo-Yo Ma: the pianist and cellist perform an all-Beethoven programme, including Twelve Variations in F major on "Ein Mädchen oder Weibchen\* from Mozart's Die Zauberflöte, and sonatas Nos. 3, 4 and 5; 2pm; May 4, 5

MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400 Roy DeCarava: a Retrospective: this exhibition surveys the work of American photographer Roy DeCarava through about 200 black-and-white photographs made from the late 1940s to the mid-1990s. The display includes photographs from everyday life in Harlem, the civil rights protests of the early 1960s and studies of nature, as well as a selection of jazz photographs; to

The Pierport Morgan Library Tel: 1-212-685-0008 Being William Morris: A Centenary Exhibition: exhibition seeking to show a picture of William Morris in his various munifestations and careers: poet, novelist, illustrator and collector, among others. The display ranges from books and bindings to wallpaper and fabrics; from May 8 to Sep 1

#### III OSLO EXHIBITION

Cumetindustrimuseet i Oslo -Museum of Applied Arts Tel: 47-22-203578 Royal Glass: the exhibition presents an overview of the glass ed at the Danish court. The exhibition covers the period from 1850 until today with special emphasis on the engraved Baroque

gobiets produced at Noestetangen Glassworks in Norway for the Danish performs works by J.S. Bach/Busonl, court: to May 5 hoven and Liszt; 7.30pm; May 8 PARIS Victoria & Albert Museum Tel: CONCERT

Selle Gaveau Tel: 33-1 49 53 05 07 Victoria De Los Angeles: celebrates the life and work of William accompanied by planist Albert Guinovart. The soprano performs songs by R. Schumann, Brahms and De Falla, as well as popular Spanish songs; 8.30pm; May 6 Théâtre des Champs-Elysées Tel: 33-1 49 52 50 50 Wiener Philharmoniker with conductor Riccardo Muti perform Mozart's Symphony No.34, K338 and

#### Bruckner's Symphony No.7; 8.30pm;

Cité de la Musique Tal: 33-1 44 84 45 00

 Carolyn Carlson: performance by the dancer, accompanied by saxophonist John Surman, double hass-player Barre Phillips, planist Joachim Kühn, guitarist René Aubry and clarinettist/saxophonist Michel Portal; 8pm; May 10, 11 Muede du Louvre Tel: 33-1 40 20 50

Pisanello (1395-1455). Le Peintre aux Sept Vertus: retrospective exhibition devoted to the 15th century Italian court painter and medalist Pisanello. The display features 320 works by the artist, his contemporaries and followers from the collection of the Musée du Louvre and other museums, included are drawings, parchments, paintings, frescos and medaillons; from May 10

OPERA Théâtre de l'Opéra Comique Tel: 33-1 42 44 45 46 L'Elisir d'Amore: by Donizetti. Conducted by Antonello Atlemandi and performed by the Opéra Comique. Soloists include Youngok Shin, Raul Gimenez and Peter Savidge; 7.30pm; May 9, 11, 13, 15.

#### ROME

CONCERT Accademia Nazionale di Santa Cecilia Tel: 39-5-3611064 Itzhak Perlman and Bruno Canino: the violinist and pianist perform works by Mozart, Fauré and Franck; 8.45pm; May 8

#### ROTTERDAM

CONCERT De Doelen Tel: 31-10-2171700 Radu Lupu: the planist performs works by Seethoven and Schubert; 8.15pm; May 9 POP-MUSIC

Ahoy' Sportpaiels Tel: 31-10-4104204 Kenny Rogers: performance by the American country music singer; 8pm; May 6

#### M SAN FRANCISCO

CONCERT Louise M. Davies Symphony Hall Tel: 1-415-864-6000 San Francisco Symphony: with conductor Herbert Blomstedt, aoprano Christiane Oelze, mezzo-soprano Dalia Schaechter, tenor John Aler and bess Matthles Görne perform works by J.S. Bach and Bruckner; 8pm; May 8, 10, 11, 12 EXHIBITION

SFMOMA - Museum of Modern Art Tel: 1-415-357-4000 New World Richard Hamilton, Site-Referential Paintings: exhibition of 11 new paintings by Richard Hamilton, one of the founders of the Pop art movement in Britain. The works on display represent his ongoing experimentation with a new medium and new technology: the Quantel Paintbox to May 5

#### STOCKHOLM

CONCERT Stockholms Konnerthusut Tel: 46-8-7860200 Filhermon/karns: with conductor Andrew Davis and mezzo-soprano Anne Sofie von Otter perform works by Dukas, Berlioz and Ravel: 7.30pm: May 8, 9

M STRASBOURG CONCERT Palais de la Musique et des Congrès Tel: 33-88 37 67 67 St Petersburg Philharmonic: with conductor Sir Georg Solti perform Beethoven's Symphony No.5 and Tchaikovsky's Symphony No.8;

#### 8.30pm; May 9 E TOKYO

CONCERT Kioi Hall Tel: 81-3-32370061 Maria João Pires and Augustin Dumay: the planist and violinist perform works by Schubert, Grieg and Brahms; 7pm; May 14, 16, 18

#### CONCERT

W VALENCIA Palau de la Música i Congressos

Tel: 34-6-3375020 Orchestra of the Metropolitan Opera House: with conductor James Levine and soprano Renée Fleming perform works by Dvořák, R. Strausa,

Bartók and Gershwin; 8.15pm; May 9

#### W VIENNA

CONCERT

Konzerthaus Tel: 43-1-7121211 Camerata Academica: with conductor Sándor Végh, violinist Alexander Janiczek, cellist Christoph Richter and planist Alexander Lonquich perform works by Haydn and Beethoven; 7.30pm; May 7, 8 Musikversin Tel: 43-1-5058681 James Galway and Phillip Molt: the flautist and planist perform works by Seethoven, Schubert, Czerny and Doppler; 7.30pm; May 7 Maurizio Pollini: the pianist performs works by Chopin, Sciamino and Debussy; 7.30pm; May 12

#### ZURICH CONCERT

Tonhalle Tet: 41-1-2063434 Tonhalle-Orchester, with conductor Matthias Barnert and violinist Viktoria Mullova perform works by Part, Stravinsky and Sibelius; 8pm; May 9, 10

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#### CHESS

The International Chess Pederation (Fide) has cancelled plans to stage its Karpov v Kamsky world title final in Iraq, after widespread protests and a threat by US authorities to prosecute Kamsky for sanc-tions busting.

The new venue is Kalmykia, the Caucasian republic ruled by Fide's president Kirsan flyumzhinov, but Kamsky says he will not compete there, cit-ing safety fears and the lack of a bank guarantee for the SFr1m (£538,000) prize fund. The beaten semi-finalist

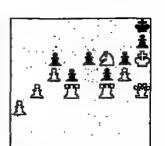
Salov may substitute under Fide rules. Salov, once a top 10 GM, is in poor form, so pairing him with Karpov will further diminish the credibility of this long-delayed match. And it would be no surprise if Kam-sky's combative father legally challenged a default. A messy saga, indeed. There

is better news on the computer front, where Kasparov's victories in his later games against IBM Deep Blue have sparked top GMs to copy his anti-computer techniques of aiming for blocked positions and avoiding obscure tactics. In this recent win played on

the Internet 13 d5 persuades the machine to flail ineffectively on the Q-side while White creates a decisive attack

against the king (A Shirov v Ferret, Ruy Lopez). 1 e4 e5 2 Nt3 Nc6 3 Bb5 a6 4 Ba4 Nt6 5 0-0 Be7 6 Re1 b5 7 Bb3 d6 8 c3 0-0 9 h3 Na5 10 Bc2 c5 11 d4 Qc7 12 Nbd2 Nc6 13 d5 Nd8 14 a4 Rb8 15 axb5 axb5 16 c4 b4 17 Nf1 Ne6 18 Ne3 g6 19 g4 Nf6 20 Kh1 Rb6 21 Rg1 Bd7 22 Nfl Qb7 23 Bh6 Re8 24 Qd2 Ra6 25 Ng3 Kh8 26 Rafi Qa7 27 Nf5! gxf5 28 gxf5 Nh5 29 Bg7+! Nxg7 30 Qh6 Rg8 31 f6 Bxf6 32 Qxf5 Be8 33 Rxg7! Rxg7 34 Rg1

No 1126



White mates in three moves, against any defence (by R Goette). An eye-catching position which can prove a frustrating search for the route through Black's pawn barrier. Solution Page II

Leonard Barden

#### BRIDGE

North is a wily old bird renowned for his obscure bidding ideas. Following a disagreement, he will canvass club members in search of concurrence. Usually unsatiated, he returns home, where his wife learnt long ago that capitulation breeds harmony.

Here, his bid was far from esoteric. Indeed, it was standard Acol, yet it provoked consternation. ♠ 10832

**9**9863 **♦ Q**J58 ♥ K J 10 5 ♥ Q72 **♦ A 9 8** # K 1063 ♠ KQJ9 **★ K 10 7 6** 875

At Game All, South opened 1NT, West passed and our hero, North, responded 2C -Stayman. East passed, South replied 2S and this was passed

out. Rast-West mustered only four tricks in defence, when they could have bid and made 3NT, 4H or even 5C.

A discussion ensued. All thought that North's bid was deceitful and that one should hold 11pts to use Stayman. West observed that East might have doubled the conventional 2C bid to show a good club suit and some values.

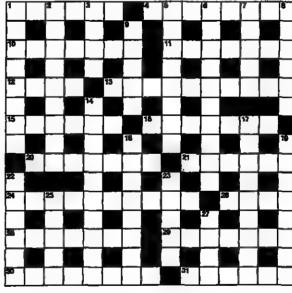
However, it was North's imaginative use of Stayman which had triumphed. With unbalanced hands, you require no points at all, providing you can stand all the possible responses. North rightly felt that 2S, 2H or even 2D would be better spots than 1NT.

If you still feel unwilling to emulate North's cunning at your next game, observe the consequences of passing out INT. On the likely heart or club lead, basic defence nets 10 iricks. Four down, vulnerable, gives East-West a game score in penalties without even the tiresome bother of hidding.

Paul Mendelson

#### CROSSWORD

No. 9,060 Set by CINEPHILE solution opened and five runner-up prizes of 235 Pelikan vouchers. Solutions by Wednesday May 15, marked Crossword 9,060 on the envelope, to the Financial Times, Number One Southwark Bridge, London SEI 9HL. Solution on Saturday May 18.



ACROSS

1 Type of guide, unfinished, to classical author (6)
4 Goose on shipboard? (8)
10, 24 Played with tool after show (7,10)
11 Illustration on page added for modesty (3.4)

ACROSS
1 Consist of crimes Petty Officer committed (8)
2 Usual version of scout with girl (9)
3 See 12
5 First left for wallpapering, extra-mural? (8)

11 Illustration on page added for modesty (3.4)

12, 3 Fellow with car turning back in piece to take cases (4-4)

13 One promising to do funerate (10)

15 Position of sculpture finishing in the wrong direction (6)

16 Slight wound is no handicap

77

18 First left for wallpapering, extra-mural? (8)

6, 34 Most entertaining blue shift! you may get a cheque...(10,10)

77

78 Drink to support arm (5)

14 Ringlet enclosing award with sausace? (10)

16 Slight wound is no handicap
(7)
20 What the baisman should do
in confrontation? (7)
21 Bird about fifty - duck possibly (6)
24 See 10 and 6
26, 27 Exact copy of obsolete
cooker? (4.4)
28 Rustic brings vegatables to
insect (7)
29 Pie must be cooked as a stimulus (7)
30 Work such as Paradise Lost
or the Odyssey, read aloud (8)
31 Means of surveying sporting
arenas (6)
Solution 9,059

14 Ringlet enclosing award with
sausage? (10)
17, 8 Exertion required for musical performance? (8,6)
18 Meteorologically long-term
scent to overbead area, say
(8)
20 Composer's unfinished cape
(6)
21, 25 Poles are stek, having
room far from fast (8,4)
25 Solution 9,048

. ...

WINNERS 9,648: J.C. Burt, Hounslow, Middlesex; Col Mike Hoars, Bourg de Visa, France; G.M. Holmes, Tunbridge Wells, Kent; J.M. Robinson, London SES; Mr & Mrs R. Topham-Smith, Newmarkst; N. Walton, Kennington, Kent.





James Morgan

## Hard at work remembering May Day

Welfare and unemployment squabbles have hijacked the annual celebration of labour

his week the great festival of Buropean labour was celebrated. May 1. But it was marked by a newer European tradition: rows about cuts in welfare benefits and fur-

ther increases in unemployment. It is sad to see many ancient customs disappear. In Germany the greatest benefit enjoyed by the working class has been that known as Lohnfortzahlung. It means "continued wage payment" and has been the most common word, or phrase, used in the German press in recent weeks. For any student of comparative welfare systems, the Lohnfortzahlung represents an

ideal which many seek but few, even in France or Sweden, have

It means that an employer continues to pay, for six weeks, the full wage of an employee who is unable to work because of sick-ness. That payment has been based on the wage received in the final week before illness strikes.

So it is that when an employee feels that he might be about to fall sick, he works the maximum level of overtime. He will then get that same wage while recuperating at home or on a beach. In return for working, he is entitled to a "rest cure" of four weeks every few

years, in addition to his six weeks' annual leave.

It is only recently that such benefits have become a matter of public concern, partly because they are seen as a cause of the unusually high unemployment and budget deficits suffered by the Federal Republic. That unemployment appears to be a cause of stress: when a colleague scoured Berlin the other day for jobless people to participate in a programme on the German employment crisis, she was told by potential subjects that

they were "too busy" to help. Germany has still not introduced any kind of Lohnfortzahlung for

those who are unemployed. (Denmark has, however, managed something similar, offering the jobless "sabbaticals" whereby they do not have to visit the local employment office to collect their benefits when they might wish to go on holiday or pursue some pri-

vate venture.) Developments in Germany are. as always, watched closely in France. "Will Germany face a social crisis comparable to that which we experienced at the end of last year?" asked Sud-Ouest. In this question there was none of the Schadenfreude that has characterised similar British views of the

same situation. France has based its accord republicain on Modell Deutschland and, therefore, feels the two ships will sink together. For the still-surviving commu-

nist daily. Humanité, the message of May 1 this year was, not surprisingly, that future social policy will be based on a rejection of the ideals of Labour Day, the Feast of St Joseph or whatever you care to call it. President Chirac, said Humanité, would govern from the opposite direction.

From a different part of the political spectrum, the Frankfurter Allgemeine Zeitung came to a simiconclusion. Social Democracy

was finished. "Among leaders of the European left, only the Labour party's Tony Blair shines out," it said. He is lucky for he does not have to clear away the welfare state: Margaret Thatcher did it for him. "Social Democrats will for a while longer stride shoulder to shoulder on May 1 and deign to sing the old songs. And when they look back at the old century which

anybody. And that is something in this century." Then, concluded the FAZ, perhaps they will remember the first ideas of European socialism: "Self-

was supposed to be theirs, they

will rightly say: 'We never killed

help, comradeship and freedom. This is unusual in both form and content: the view is persuasive and it is expressed with verve and clarity. FAZ editorials rarely manage

Anyway, we can conclude that the workers' May Day has had its day. We shall have to go back to an earlier tradition. The English maypole should become a new Eurosymbol, associated as it is with the vernal celebration of fertility. In a Europe of falling birth rates and meagre sperm counts, that makes

■ James Morgan is BBC World Ser-

already bad marital relations.

editor. Juliana consequently sought a divorce from Bernhard in the

1950s, the then prime minister

refused it on the grounds that it would provoke a constitutional cri-

sis. Little if any of this was reported in the Dutch press of the day.

Beatrix herself had to contend

with hostility when her engagement to the German Claus von Amsberg was announced, even though both

her mother and grandmother had married Germans. As a youth Claus

had briefly served in the Wehrmacht. Today, he is described as the

most popular member of the family

and received great public sympathy during his two nervous breakdowns and a continuing battle with a mild

The managerial skill of Queen

Beatrix will be tested again when

the time for the succession comes. It may be, as van Wijnen claims,

that she rules her household with a

rod of iron. But her 29-year-old son

and heir. Willem-Alexander, the

Prince of Orange, is known to the weekly magazine Privé as "The Prince of Fun".

form of Parkinson's disea

## Boxing clever with a wayward family

**Queen Beatrix of** the Netherlands is termed the general manager. And she likes to use her

powers, says Christian Tyler

he curriculum vitae issued by the palace reads like a corporate brochure, its chief executive profiled under no-nonsense headings such as "per-sonal particulars", "education" and

Queen Beatrix of the Netherlands has a crown, but she never wears it. She lives in the Huis ten Bosch (the "house in the wood") conveniently close to her office, the Noordeinde ("north end") Palace in The Hague. She changes her personal staff - all save the gardeners - every few years. She pays tax on her considerable private income and insists on strict family discipline.

She is, in other words, a monarch who likes to see herself as employed in the reigning business. "We call her the general manager of the kingdom of Holland," says Jessa van Vonderen, the government press spokesman who handles pal-

Queen Beatrix likes to go to the limit of her restricted powers. In private audience she will ask ministers to think again. In public she has expressed support for European union, criticised lax environmental morality and chided their intoler-

ance of immigrants. She gets away with it because although her limits are set by the constitution, their everyday interpretation depends on how well the monarch gets on with her prime minister - the Christian Democrat Rund Lubbers for most of her reign who with his ministers takes responsibility for her every public utterance or action.

Not only does Beatrix get away with it, she has succeeded in rendering redundant, at least in her own country, the question of why the monarchy is allowed to continue at all.

'As a serious party, even of the left, we are not in a hurry to ask such questions," says Peter Rehwinkel, a young Labour MP and constitutional expert. "We don't make politics out of the monarchy. If the Dutch wanted a president, they would probably choose the Queen in any case. She is a very intelligent woman, a perfectionist, very busi-

Strong-willed, even arrogant, as a girl, Beatrix has earned general respect for her no-nonsense man-ner. She is not loved in quite the way her mother Queen Juliana was: it was Juliana who rode around on her bicycle in order to get closer to the people. Beatrix owns a bicycle. too, but rides it only in the palace park. Juliana, it is said, had something of the social worker about her; she was motherly, tolerant and liked to be called simply "Madam". On her succession in 1980, Beatrix, now 58, made it plain that she was to be addressed as "Your Majesty". Beatrix appears to have inherited

ne does not usually

expect to clock in and

out of a church service.

But the priest in the





the robustness of her grandmother actions and words therefore the pol-Queen Wilhelmina, whom Sir Winston Churchill described as "the only man in the Dutch government" while she was leading the resis-tance to the Nazis from London dur-

ing the second world war. Queen Beatrix is also financially secure. Indeed, she is reputed to be one of the richest women in the world, not far behind the Queen of England. She is said to be a large holder of Royal Dutch/Shell equity - if so, the holding is less than 5 per cent because it does not appear in

her tax declaration. If the family's financial position is more than sound, its political security is enhanced by a device which we may call The Royal Box.

Inside the box are those members of the family firm who are in the line of succession and for whose

iticians will take responsibility. They include the Queen's mother and father, Juliana, 87, and Prince Bernhard, 84, Queen Beatrix and her husband Prince Claus, 69, and their three sons. Also included is the "assistant queen", Beatrix's sister Margriet, 53, her husband Pieter van Vollenhoven and their four children. But when the crown prince Willem-Alexander succeeds assuming he does - then his children will come into the box and the

cousins will fall out.

This damage limitation device which is not the same thing as the civil list - was introduced in 1978 against the wishes of Juliana. The "box", and the fact that only the five principal royals get an allowance from the taxpayer, means that the misbehaviour of minor royals



can officially be described as "a matter of no public interest". So, for example, the nonconformist love lives of the queen's two other sisters are said to leave no

cess Irene put herself beyond the later admitted and Bernhard was pale, out of the box, by secretly stripped of many functions. marrying a Catholic Bourbon pretender to the Spanish throne - from whom she was later divorced. Princess Christina married a Cuban refugee and social worker in New York, and has also divorced.

Worse things have happened to the family than erratic marriages; and they help to explain the harsh internal regime introduced by the

"manager of the kingdom". The most serious came in 1976 when the then prince consort Bernhard was implicated in the Lockheed bribes scandal. At first it was denied that he had received payments in return for pushing contracts for the US aircraft company. Beatrix threatened to renounce her title if her father were prosecuted. The threat worked, but the truth

"He is a nice guy, but not serious enough," says Willem Smitt, joint of founder and editor of the gossip

magazine. "He is not preparing him-self for heavy duty." For example, Willem-Alexander once excused himself from a Belgian state visit saving he was revising for his exams, but the same afternoon he was seen racing a car round a local circuit. Earlier this year Prive supported an animal rights campaign to stop the prince hunting wild boar of being a bad shot who wounded his prey.

Smitt, a jovial chain-smoker in braces, uses this and other incidents of public concern to justify tailing the prince and publishing scoops about his girlfriends. The latest date, whose existence is officially denied, has been left alone because she is doing a course at KLM, the Dutch airline. "At the moment it's boring to tail her." the

But 10 years ago, a Privé story that the prince had spent the night in the Amsterdam Hilton with a young blonde after taking her to the inappropriately named Juliana's nightclub brought down the wrath of the palace. Prince Claus sued, the witnesses fell silent, and the maga-

zine had to pay costs. Whatever they may think of the crown prince, the editors' policy is not to go too far. "If we appear to be against the family, it costs us read

ers," Smitt said. Short of a serious scandal, the only thing that could disrupt the Dutch royal succession is the fear that the crown prince, whose chief interests appear to be beer and fast

cars, is not up to the job. The Dutch monarchy has never been more popular, according to a close adviser. But in the view of political pundits it works only so long as the occupants are good at

their work. The boss of the family firm can afford to take no chances when it comes to grooming a successor for the chairman's seat.

■ Next week: Succession pains in

#### Letter from Portugal

## Case of the troublesome priest

The Catholic Church is starting to act tough, reports Christina Lamb

at church every week. The situation came to a head recently with the death of Manuel Farofia, the local barber. Father Eduardo Manso Inacio, the Catholic priest, refused to conduct a service. or even allow the church bells to ring. Farofia's son Vitor was so angry that he has written to the local bishop and to the Pope to complain. The minimum one expects

southern Portuguese village of Reguengos de Monsaraz is refusing

to carry out baptisms, weddings or funeral services unless parishioners

spend a minimum number of hours

In the village square, talk is of little else. "Father Eduardo will be putting up a sliding scale next." grumbles the owner of the chemist's shop. Five hours a week for a baptism, 10 for a wedding, 15 for a the village of the Universal Church

It's a scandal." Father Eduardo is unrepentant. "Just as those who don't want to work have no right to eat, then those who don't go to church regularly have no right to

The village of Reguengos de Monsaraz is in the province of Alentejo, the second poorest region in the whole of Europe, and locals point out that with such a struggle to from a priest is that he carries out a survive, they do not always have time to attend mass.

Inacio has been priest of the viilage for 20 years and only recently adopted his hardline position. His stance coincides with the arrival in funeral without bells and 20 with. of the Kingdom of God, a Brazil- University, who specialises in reli-

based evangelical sect which is also winning converts all over Portugal. "He thinks he is King of Reguengos," says Vitor Farofia. "He is building up his congregation by fear." If so, the strategy may be working. At the Casa da Palmeira hotel, the female receptionist admit-

ted: "We are all going to mass regularly now because we are scared that otherwise Father Eduardo will not do our weddings and christen-Father Eduardo of Reguengos is not the only Portuguese priest causing ructions in his parish, according

to Luis Marinho Antunes, a sociol-

ogy professor at Lisbon's Catholic

flicts all over the country." he says, recently elected an openly atheist recalling that earlier this year the bishop had to intervene at a church in Guarda to stop the local priest parking his jeep inside the nave because he did not trust his own parishioners not to steal it.

"The problem is that priests in Portugal tend to be very old and have not kept up with the changing situation of the country," Antunes explains. While the leadership of the church may have adapted, the rest of the clergy has not. The average age of the country's 5,000

priests is 63. The country that once considered itself "standard bearer of the faith". president, Jorge Sampaio.

Having an atheist as head of state has set off a national debate about how the Church should respond to modern day realities.

Just as in the village of Reguengos, the biggest challenge is the growth of evangelical sects, principally the Universal Church of the Kingdom of God.

Portugal has only had religious freedom since the 1974 revolution and the last few years have seen the arrival of various movements from overseas as well as some homegrown ones, while those regularly

gious issues. There are similar con- has changed so much that it to 25 per cent of the population. The controversial Universal

Lockheed changed the family's

behaviour by making them aware of

their political weakness," said

Harry van Wijnen, former political

correspondent of NRC Handelsblad

and author of a book on the

heed scandal there had been a

strange affair involving a faith

healer called Greet Hofman who

was said to have communist con-

nections and to have become,

Rasputin-like, a dangerous influence at the palace. Hofman had

been brought in by Queen Juliana

to treat her daughter Christina for

an eye defect caused by German measles, for which the mother

Prince Bernhard ordered Hofman

blamed herself.

Twenty years before the Lock-

prince.

Church is having phenomenal success in Portugal; it has animated services where speaking in tongues is common, as are promises miracles and riches. As Antunes points out: "The Catholic church is used to having a monopoly here. It does not vet know how to react to all the

diversity suddenly on offer." So intense is the battle for souls that in some areas Universal Church meetings have degenerated into bloody clashes. In various towns in the north of Portugal such as Matosinhos, buildings used by the Universal Church have been set

when members of the sect have been attacked as they leave ser-

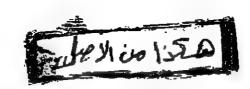
The headquarters of the Universal Church in Lisbon recently Issued a

report entitled "Inquisition in Portugal" in which it openly accused

the Catholic Church of instigating the violence. One problem is that the Catholic church does not have enough priests. The last decade has seen the number fall by 10 per cent and though new priests are entering the

church, it in no way compensates for the large numbers dying off. Church leaders have encouraged local priests to respond by becom-

ing more evangelical and more involved in community service. Although this strategy has generally been successful, it is rejected by a growing movement of hardliners such as Father Eduardo. He insists: "In my 20 years here in Reguengos I've done everything to conquer the people. They have rejected the church, so the only attending Sunday mass has fallen on fire and riot police called in answer is to become firmer."



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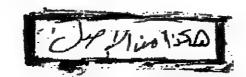
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#### Alternative Investment Market

La Senza will be valued at 150.3m when the lingerie the past 18 months and there retail chain joins the Alternaretail chain joins the Alterna-tive Investment Market next week, writes Christopher Price. The shares, representing

nearly 40 per cent of the issued share capital, have been placed with institutions at 150p each via Williams de

The remainder will be held 219.4m net of expenses, to be 26.5m acquisition of nine used for expansion. Twen-snooker and pool clubs from ty-two stores have been First Leisure.

opened in the UK already over lets during the next five years. La Senza made pre-tax losses of £1.78m on sales of £10.3m last year. It forecasts break-even in the year to Peb-

rnary I 1997, with turnever doubling to £21.7m. ☐ Wateriali Holdings, the leisure and entertainment group, by Suzi Shier, La Senza's has joined Aim following a Canadian parent company.

The company is raising be used to help pay for the

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Sunleigh	LAHE	400,000	17	1,
Temple Ber	invT	, 6,000	18	1
Companies must notify the rensection by a director. This	Slook Exchen	ge within tive wo	elding days	of a

#### Directors' dealings

The buy/sell ratio for the nonth looks closer to parity han for a long time, suggest-ng that directors are not anging around the market ny longer, writes Vivien Moconald of The Inside Track. There was some buying. At british Aerospace, for exam-le, a non-executive was hot n the heels of the chairman,

who had been buying in March More selling took place in Chesterton International, the property group where five directors sold 852,675 shares between them at 95p. This follows the sale of 360,000 shares by two other directors earlier in the month, and poor interim results in March.

#### Chesterton International

inere price (pence)	SOLD 22/4/96	
20	MLR. Isanson 61,050	
ii am	G.M. Black 250,000	
10	W.E.H. Bagnal 191,0	
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- Justa 1984	. 85	MIT MAN

cience is to raise \$40m via a nghts issue. Porter Chadbum is to raise £7m via a 1-4 rights issue at 34p.

Proteus is to raise £8.45m via a 2-3 rights issue at 45p.

M Offers for sale, placings & introductions

City Tachnology is to mise \$20m via its flotation. Cast income and the CCo with its focusion.

Counts (CA) it to waite CCo with its focusion.

Estippe Billinds is to naise E4.9m vits a placing and offer of 5.25m shares at 100p.

Finsbury Wortwide Pharmaceutical Tet is to raise up to C40m vis a placing and open offer.

Gold Milnes of Sandhale is to raise \$5.5m vis a placing.

Holders Tech is to raise £910,000 via a placing and open offer of 742,630 shares at 143p.

La Senza le to reise £19.4m via a placing.

Trease is to raise 53-4m via as notation.

Walker (JO) is to raise 53.7m via a placing and offer of 611,330 ehares at 600p.

Wasps, are to raise 52.5m via a flotation.

Waterfull Hidgs is to raise 54.1m via a placing of 9.1m shares at 45p.

Whitecrose Gresp is to raise 51.5m via a placing. The second secon

<b>E</b> Current	takeov	rer b	ids a	nd m	ergers ·
teld for	yate of pid	Made! price	Psice Indices but	Value of bid 2ms***	Distr
BET \$	230	223	184%	2,43000	Remoldi
CentreGold 1		45	<b>57</b>	18.90	Mdos
Eye (Wimbledon):	750\$	560	500	3.00	Perther Seco
Elys (Wimbledon):	525 ☆	560	596	4.20	Penther Seco
Everest	110*	108	79	27.95	McCain Foods
Gartinore I	225°*	249	245	340,0	Not West Bank
Do. ‡ .	25D* <b></b>	249	<b>3</b> 45	126.0	Nat West Brok
IOM Steem Pict	146**	150	128	43.8	See Comment A
Trataiger House \$	80°	50%	44.75	538.70	Kwaerner
Trencherwood	6.87*	670	9	7.38	Wilson Bowden
Unitech	987	2	674	480.21	Sinhe

Prices pence unless indicated. "All cash ofter. §For capital not streedy held. ‡ Unconditional. "Based on Lunchtime prices 3/5/96 §\$Shares and cash. \* For 75% held by Bnq Indosauz. \* For remaining 25% \*\$750p cash for every 1 in 3 Elys shares & 485p for every 2 in 3 Elys shares. ‡ Cash & share elemathe: 1 Sea Cont & share for every 10

#### **Bids**

Royal Insurance and Sun Alliance revealed yesterday they had agreed to merge into a new company to be known as Royal Sun Alliance, writes Simon Ruper. The news prompted speculation that here would be more takeovers

n the insurance sector. Just as surprisingly, British Telecommunications and Cable power generation. and Wireless, the country's two biggest telecoms compa-nies, called off merger talks on

valued at about £34bn, collapsed over price and a mis-match between risks and opportunities.

ernment shocked the electric-ity industry by signalling it would block bids for National Power and PowerGen until there was more competition in

The Department of Trade and Industry will keep its "golden shares" in the compa-Thursday. The talks, which nies; these stop any one invescould have created the world's tor from owning more than 15 third largest telecoms operator per cent of the shares.

In the Pink

## Inflation is pronounced dead - but it will rise again

Excess money creation in Asia will feed into Europe and the US through rising commodity prices, says David Roche

David Roche, is president of Independent Strategy, a global investment

starts to pronounce something, you can be sure the opposite is about to happen. Take inflation.

Contrary to media hype, inflation is not dead. It will rise again, just like Lazarus Faster global growth this year and next will bring inflation back to the OECD economies. Commodity prices may be the transmission mechanism but excess money creation is the fuel in the inflationary motor. Asia is a portent. Easy

money, strong capital inflows and rising demand for food and energy have driven up prices there already.

Food makes up a much bigger share of the consumer basket in poorer Asia (including China) than elsewhere - 35 to 60 per cent as opposed to just 15 to 25 per cent in the OECD. And an excessively lax monetary policy has made it easy to finance these commodity price increases. Broad money growth in many Asian economies has been in the high 20 per cent range for much of last year.

Asia's demand for food is beyond the region's capacity to produce it. Demand for energy always was, but the deficit is growing. This Asian inflation will feed into Europe and the US through rising commodity prices.

The debate about inflation

has centred on two key ques-

Has pricing power slipped permanently into the hands of consumers, thus removing demand-pull inflation forever? And have technology and glohalisation of markets created a permanent gain in capital

productivity, ending cost-push inflation? My answer is "no" to both questions.

Everywhere, central banks are relaxing monetary policy. The effect of this is not just static, like a one-off increase in commodity prices - it is also dynamic. This easy money will feed through into faster world growth. That spells competition for natural resources, price rises, and a

greater demand for investment capital relative to

> What does a scenario of rising inflation imply for investment strategy? Stay out of most of the world's bonds – yields are set to move even higher than they have done in the past three months.

> > well, and so will shippers.

such as China and Japan will

In western consuming coun-

tries, state agricultural subsi-

dies fall as food prices rise.

That could help the EU's bud-

get deficits a little. But the big

multinational food companies

usually get equeezed by rising

Early in the 1990s, corporations shrank, downsized, rationalised, re-engineered and just-in-timed in order to compete in the arduous world where the consumer had the

It was the era of Pricing Power to the People. Now, companies have reached the critical point in their supply curves where corporate pricing power is resurfacing.

Most of the big corporate rationalisation gains have been made. So, as global growth picks up, falling pro-ductivity will spell higher unit costs which, for the first time, can be passed on in price Inflation.

Who will gain and who will be hit if inflation rises from the dead? It will affect most emerging economies hardest, since food and energy are such hig items for poorer people and countries. And rising oil prices act like an income transfer from consumers to Should the transfer be within a country, and should it be spent rather than saved Inflation brings with it ris ing interest rates. Higher interest rates transfer income by the recipient, it has little from government, corporate effect on that country's eco-nomic demand. If, say, rising US oil prices increase US oil and household sectors to banks and savers. The banks and savers may save more than their creditors, and little company revenues, which are then spent on exploration and will flow back into final

on the US economy will be Thus, the effect of raising the price of money is much But if, like France, higher more like a tax. Investments oil prices simply flow out of with returns below the new rate of interest get killed off. Borrowings are cut. Monetary the country into higher

growth contracts and economic activity suffers. What does a scenario of rising inflation imply for invest-ment strategy? Stay out of most of the world's bonds yields are set to move even higher than they have done in the past three months. Real yields are ultimately driven by supply and demand for cap-

incomes and savings for Saudi But inflation can push up Arabia deposited in nonvields, too. Short-term interest rates French banks, France will lose

will be kept low for a while by So, the oil and gas produc-ers of the US and Canada will the central bankers. US Fed chairman Alan Greenspan will be relatively better off, folbe a dove on interest rates in lowed by countries such as a presidential election year. the UK, Norway, the Nether-Bundesbank chief Hans Tietmeyer, a friend of Germany's lands and Denmark in Europe; and Mexico and Venezuela in chancellor Kohl, wants to Latin America. The net oil keep interest rates down to and gas consumers of Japan. support the launch of EMU on India, and China will pay. Oil

service companies will do Meanwhile, Bank of Japan governor Matsushita has no Surplus food producers and exporters of the world also final solution yet in sight for bailing out the bankrupt jusen benefit significantly. That credit institutions. So he will means that the US, Argentina oppose a rate rise there for a and France will do relatively little longer. well, while food-deficit nations

Short rates will have to rise eventually, but bond yields will not wait for that to han pen: they are rising already. Rising yields make equities look expensive and only resource stocks will do well. Financials will be the losers. Cash will become king as equity and bond markets cor-rect the world over.



### Discover how far your money can go offshore

Yenturing offshore can pay handsome dividends. A point that's extremely well demonstrated by our three new accounts. Offshore Equity Linked Savings Account (ELSA) - 200% of the growth of the FT-SE 100 after 5 years. Over the past 5 years this would have produced a staggering return of 128%.\* Offshore 60 - rates that we guarantee will beat the average rates of comparable accounts offered by the offshore

subsidiaries of the Top Ten UK building societies. Offshore Step-Up an attractive rate of return that rises to a spectacular 10.25%. Three innovative accounts that all come with the added reassurance of knowing you're investing with a subsidiary of Birmingham Midshires, one of the UK's ten largest building societies, established since 1849. Minimum investment in the accounts is £5,000, with a maximum of £2,000,000,

To: Birmingham Midstores (Guernsey) Limited, Please send me full details of your new Offsho Name (Mr/Mrs/Miss)		Birmingham Midshires (Guernsey) Limited
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## Weekend Investor

Wall Street

## storm clouds recede

Inconclusive employment figures leave unanswered questions, writes Lisa Bransten

off the coast of Manhattan this week. but observers would hardly have known that from the way Wall Street retreated to await the worst from yesterday's figures on employment growth in April

As Friday approached, inves-tors became increasingly like citizens watching a distant storm that could build strength and destroy a city or dribble away into spring showers.

Tension mounted on Thursday when the Commerce Department surprised investors with figures showing that the economy grew almost twice as quickly as many econ-omists expected. That suggested Friday's numbers would be devastatingly strong and prompted a sharp sell-off across US financial markets amid worries of higher infla-

tionary pressures. But Friday's figures were not dire. Instead of confirming the worst fears of investors or bolstering high hopes, they left the market with unanswered questions about the prospects for economic growth through to the end of the year.

The economy is clearly stronger than those who wor-ried about recession at the end of last year had feared, but the addition of just 2,000 new jobs last month leaves prospects about growth for the rest of 1996 unclear.

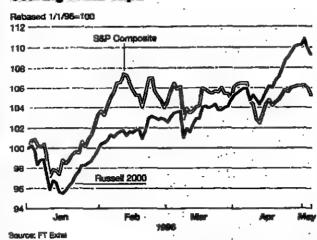
Further clouding the issue was the drop in the unemployment rate to 5.4 per cent and the 0.6 per cent increase in hourly earnings, both of which heightened fears of inflation.

All of that left the market a bit befuddled. By midday, the Dow Jones Industrial Average had recaptured only 16.98 of the nearly 77 points it shed on Thursday and activity on the bond market was muted, with the yield on the benchmark 30year Treasury holding well above 7 per cent.

The news was greeted with just as much confusion by investors in the small capitalisation stocks that make up the Russell 2000 index.

On Wednesday, it soared to a 10th consecutive record close; then, Thursday's GDP data threw the entire market into confusion. But the Russell 2000 managed to regain nearly half of Thursday's loss by noon yes-

terday. Claudia Mott, director of smallcap research at Prudential Securities, traces the rise in the shares of smaller comSoaring small caps



panies to mid-February when fears of recession began to fade and investors began scouring the landscape for the groups that would benefit most quickly from economic growth. Since then, the Standard & Poor's index of the 500 biggest companies has advanced a meagre 1 per cent while the Russell index gained 8 per cent, led by growth in technology, energy and retail

According to Mott, yesterday's figures removed some of the fears that the Federal Reserve would have to start raising interest rates and should allow continued gains for the rest of the year.

Smaller companies have benefited this year from a strengthening of the dollar, which is disproportionately damaging to big multinational companies that sell a large percentage of their goods and services overseas

Earnings at the 1,100 small companies Mott follows rose per cent in the first quarbeating the earnings growth turned in by the bigger stocks she tracks by nearly 2 percentage points.

But the recent excitement about small cap stocks could be tied more closely to the game of catch-up they have played since the start of this year than to an overwhelmingly positive environment for little companies. As the S&P 500 soared 34 per cent last year, the Russell 2000 gained 26 per cent. so valuations per cent, so valuations in the sector are relatively

Keith Mullins, director of smallcap research at Smith Barney, says that while the performance of the sector for

the rest of the year is uncer-tain given the unclear economic situation, valuations remain compelling. Of the 2,500 companies he tracks, the smaller ones are trading at about 0.8 times their expected 1996 earnings, while the larger ones are going for about 1.8

There is, however, more to last week's record-breaking run among small caps than just low valuations, he says.

The group is outperforming because of the greed factor. Money is chasing a strong per-

That makes him nervous about the sector's ability to gain over the next few months. We've seen that being in this sector can be very profitable but, when the party ends, it can be very painful."

The strength in small caps is also troubling to some market strategists, who see it as an indication that last year's bull market is in its final stages. "I think it is part of the specula-tive froth that has been building," says David Shulman, chief market strategist at Salomon Brothers.

Not everyone is worried. though. Jeffrey Applegate, chief market strategist at Lehman Brothers, notes that smallcap stocks outperformed the broader market from 1990 to 1994. While 1994 was hardly a stellar year, it certainly did not mark the onset of a bear

**Dow Jones Ind Average** 5573.41 + 5.42 5569.08 - 4.33 5575.22 + 6.14 5498.27 - 76.95

## Confusion reigns as When it's good to stop talking

Philip Coggan sees BT's big deal come unplugged

The story so far. Beattle, who was in love with a cable layer. is having second thoughts. The Power brothers have had a nasty shock, but a Royal wed-

ometimes, watching the stock market is like trying to follow a soap opera or keep up with the lives of old friends. "But I thought you were married to Susan? No. she ran off with the accoun-tant. I've moved in with Katy and her three kids by Mat-

This week's market action had enough break-ups, get-togethers and shock revelations to fill at least half an hour of Dallas.

Chief executives seem no more able to resist their biological urge to merge than dogs can resist chasing rabbits. In the Anglo-Saxon stock markets, all this takeover activity keeps traders happy, although whether it does the economy much good is the subject of

Long git/equity yield ratio

Source: FT Extel

FT-SE 100 Index

Mass Bios

Repail Holes

Royal Insurance

Pearson

Gifts put strain on equities

■ Highlights of the week

812

+45

+90

-43

+10%

Having shed the debt burdens incurred late in the 1980s, corporations emerged from the early 1990s' recession with the market. strong cash positions. In 1995, they often used cash holdings to take over competitors; the

the Glaxo-Wellcome deal. Takeover hopes have helped maintain the market's momentum in 1996 although the government's political problems. and the related weakness of gilts, have made life more of a struggle this year. So it was a particularly nasty shock for investors this week to find that discussions between British Telecom and Cable and Wireless, which had been rumbling on since last year, had come unplugged. As Bob Hoskins, star of the BT commercials.

most prominent example was

academic argument.

The deal would have represented the biggest single merger in UK corporate history. And while much of the payment was expected to be in

3251.7

3563.5

402

238%

415

574

245

30

302

318

3857.1

292

430

1000

744

384

56

434

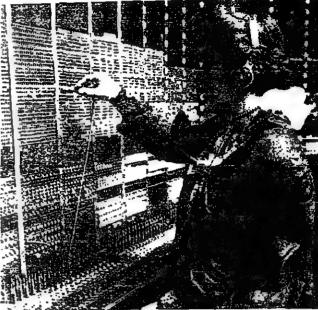
might have said: "It's good not

the form of shares, commentators were hoping for a special dividend of around £6bn, which would have given a boost to

The failure of the talks still leaves Cable and Wireless as a tempting takeover target for another company. But it knocked the shares of both groups, two of the larger constituents in the FT-SE 100

index, yesterday, The BT C&W announcement came on top of the govern-ment's statement that it would block bids for National Power and PowerGen until there was increased competition in the power generation business. The power companies had already been prevented by the Department of Trade and Industry from making bids for Midlands Electricity and Southern Electric, two regional electricity companies. They are, thus, in the unusual position of being unable to be pred-ators or bid targets.

All this might lead one to assume that the takeover spree



is coming to an end - but the market's scriptwriters had another plot twist. The insurance sector had been the subject of repeated bid and merger rumours, but yesterday's announcement of a link between Royal Insurance and Sun Alliance still came as a surprise. The deal might boost the companies' profits through cost savings but, as a straight share swap, will not inject any new cash into the market.

Cash should, however, be a prominent element of the expected offer for Midlands Electricity, which has leapt from the clutches of PowerGen into the arms of an (as yet unnamed) US utility. So bids should be a contin-

ued spur to trading activity for

a little while yet - although

investors should take beed of Richard Jeffrey, Charterhouse group economist, who says: There have been nine stories for every one actual takeover." Meanwhile, further drama came on both the economic and corporate fronts this week. The results season passed without any nasty shocks but there have been a number of recent profit warnings, notably from Courtaulds Textiles, Great Universal Stores, Costain. Rugby and Pearson, the media group which owns the Financial Times. Supermarket group Kwik Save reported poor interim figures and a gloomy outlook for the second half.

It is probably too soon to describe these warnings as a trend, but corporate profits growth is expected to slow in 1996 after several strong years. The week's economic data

by a dramatist. In Act One, on

Thursday, stronger-than-

expected US gross domestic product data raised fears that the Federal Reserve might increase interest rates. Bond and equity markets fell as a result. In Act Two, however, yesterday's US non-farm payroll data was much weaker than expected (albeit with signs that earnings are starting to pick up), giving some relief to markets.

What is the poor investor to make of all this turbulence? It is hard to describe the UK market as cheap. The dividend yield is only around 3.7 per cent, the gilt-equity yield ratio has been edging close to 2.3, and the historic price-earnings ratio is over 17 at a time when profits growth is slowing.

nterest rates are still expected to rise by the end of the year, according to the short sterling futures market. And investors have been reminded of the political risks by the Conservative party's heavy losses in the local elections.

Even Ian Harnett of Societe Generale Strauss Turnbull, a prominent bull in recent times, has cut his Footsie forecast. He thinks a combination of the weakness of the manufacturing sector and political factors will prompt the government to cut interest rates next week.

Given that consumer spend ing is rising, a rate cut would increase inflationary risks and force gilt yields higher. This would put pressure on shares; accordingly, Harnett is reducing his end-year Footsie target from 4,000-4,250 to 3,950-4,100.

With even bulls cutting forecasts, the investors who piled a record £1bn into unit trusts in March may need to be patient.

P



Peter Martin

## Keeping it all in the family

Can outsiders get a fair deal in the emerging economies?

he Albanian stock exchange opened for trading on Thursday. Oh sure, you say, another boring east European bourse. An opening ceremony at which the country's president praises "an historic occasion"; a trading floor in the basement of the central bank; an initial list of government debt and privatisation certificates. Run of the mill stuff.

Before you yawn, though, just think for a moment. This is a country, after all, which banned private cars until 1990. proclaiming itself the only exponent of "authentic socialism". Cement output went into building 500,000 pillboxes tone for every six people) against an invasion nobody could be bothered to mount. Workshops made spare parts for long-obsolete Chinese equipment, unavailable since the two countries fell out in 1978. If Albania can be an emerging economy, so can my potting shed.

Albania is an extreme case, but it has one characteristic in common with other emerging (and emerged) economies: sheer implausibility. Three and a half decades ago, who would have picked Singapore as one of the growth poles of south-east Asia?

Still, to use a phrase familiar to faithful readers of this column, you would have to take a very Long View indeed to see Albania as a

fully developed market economy. But that is irrelevant. It is precisely that decades-long scope for rapid expansion that makes emerging economies so attractive. It offers the western investor the opportunity to tap into much greater growth potential than

economies back home. How easy, though, will the western investor find it to tap into the growth of emerging economies? Even if local regulations allow investment by outsiders, will there be the equity offerings that really allow full participation in local growth? And will investors in whatever vehicles there are be given equitable

can be achieved by the mature

treatment by insiders? In Europe's first period of rapid growth, in the 19th and early 20th centuries, there was little scope for outside equity investors. Family businesses grew largely on the back of retained earnings; external finance came from bank loans and, to some extent, from bond issues. Only the great booms - railways, for instance

tapped the equity market on

a large scale. And, of course, investors sucked in during these often had very unhappy experiences to report.
There are parallels here with the difficulty many western investors find in investing in true growth

emerging economies, those of

stocks in the strongest

south-east Asia. Just as in 19th-century Europe, many of the best investment opportunities are in the hands

of family-owned groups. Such firms are likely to be tempted to offer equity to outsiders only when the deal is really too good to refuse during a market boom which automatically stacks the deck

Unless you get your timing right, you will end up buying in just as the locals are selling

against the new investors. Still, a study a year or so ago by Cambridge economist Aitt Singh showed that, for those big emerging-markets companies which have succumbed to the temptations of a public listing, not external finance was remarkably high by western standards.

The typical British company gets between a quarter and a half of its net addition to long-term capital from external debt or equity. For the sample of 100 emerging markets companies be studied, the ratio is more like half to three-quarters, with equity providing the lion's So today's emerging

markets are more like the US. which, during its boom period of the late 19th century, relied much more heavily on stock market capital than did

Europe. That sounds like an encouraging parallel: if buying a basket of emerging market stocks will expose you to the AT&Ts. Coca-Colas and General Electrics of the 31st century, you can afford to pick up the odd buggy-whip

manufacturer as well. But the real surge in selling US stock to external investors came as part of the great industrial reorganisations of notorious not merely for their creation of monopolies but also for the stock market

manipulation they involved. Which leads back to the question of whether western investors seeking to profit from the growth of emerging economies can expect to get equitable treatment any more than the innocent investor in Jay Fisk's Wall Street. In one sense, the situation is

incomparably better: there is now widespread acceptance of basic investor protection regulations, and most markets pay at least lip service to these principles - some very much more than that. But today's emerging markets remain biased inherently towards insiders, if only because of the tight family control under which many publicly-quoted groups are

That family control, those political connections, that deep understanding of local business habits - this is partly what attracts outsider investors into the stock in the first place. They are ill-placed to complain if it goes hand in hand with a willingness to exploit those advantages in dealings with fellow shareholders as much as with competitors.

Does it matter, anyway? In an economy growing at three times the rate of a western one, even losing half your profits growth to insiders still leaves you with half as much again as the growth you could get at home.

A diversified buy-and-hold strategy in developing the pitfalls of the local markets, but it will also expose you to the growth. Over the long run, the growth is likely to win out - as long as you avoid attempting to market-time the emerging markets cycle. Unless you get your timing exactly right, you will end up buying in as the locals are seiling, and selling out as they are picking up the pieces from wounded overseas

So the question is: how long is your long term? If it is long enough to encompass Albania it is probably long enough to cope with anything. By the way, I've got a very interesting potting shed you might like to consider ...

## CUT THE COST OF PBPS **UNIT TRUSTS** INVESTMENT TRUSTS

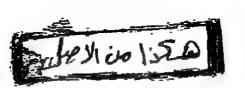
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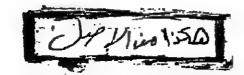
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Name Address

Offshore managed funds and UK managed funds are listed in Section One





#### WEEK IN THE MARKETS Lead prices hit 5½-year

Lead prices surged to 51-year highs at the London Metal Exchange this week as US investment funds plunged into the market. With concern about tight stocks of the metal remaining few market operators were tempted to sell into the rise, especially with a long weekend looming

highs

The three months delivery price closed yesterday at \$843.25 a tome, up \$21.75 on the day and \$36 on the week. The drawdown from LME stocks has been interrupted in

#### LAKE WAREHOUSE STOCKS

Aluminum Aluminum Jilay	-10,100 -1,400	to 834,450 to 84,500
Copper	+3,400	to 306,975
Lead	-175	to 89 075
Nichal	+102	to 35.076
Zinc	-500	10 621,525
7an	-150	La 4.820

recent weeks, but the total

remains uncomfortably low. A 350-tonne fall this week left the figure at \$9,075 tonnes, equiva-lent to only 4.1 weeks of consumption, compared with the five weeks considered in the market to be the critical level. This was reflected in a widening of the cash delivery premium to \$15.75 a tonne from \$4 at the end of last week. This situation is known as a "backwardation" because it is a reversal of the normal situation where the cash price is at a discount to forward position reflecting the extra costs (storage, insurance, lost interest) of holding physical metal.

"The funds are having a major influence in the market. prices have the potential to reach \$900 soon," a trader told the Reuters news agency.

With copper prices also mov-ing higher, to four-month peaks, analysts were suggesting that a fundamental change of sentiment had gripped the base metals sector. "The market has shaken off its bearish trend and is turning bullish." said one trader. "Shorts (opera-

#### WEEKLY PRICE CHANGES

	Latest -	Change	Year	1	995
	pricas	on week	ago	FEQ1	Low
Gold per troy oz.	\$393.20	+1.20	\$389.20	\$415.40	\$373.0
Silver per troy oz	355.95p	+6.55	375.50p	383.90p	27.900
Akuminium 99.7% (cash)	\$1626.0	441.D	\$1752.60	\$1676.0	\$1529.5
Copper Grade A (trash)	\$2752.5	+53.0	\$2722.5	\$2810.0	\$2486.5
Lied (cours)	\$859.O	. +56.5	\$596.50	<b>392</b> 7.5	<b>580</b> 5
Nickel (cash)	\$8140.0	+127.5	\$7035.0	\$8625.0	\$7485
Zinc SHG (cash)	\$1050.0	+100	\$1029.5	\$1082.0	\$990.5
Tirr (cash)	\$6825	+80.0	\$5975.0	\$8590.0	\$5060,0
Cocoa Futures May	£1062	<b>-54</b>	£938	£1179	<b>E863</b>
Coffee Futures May	£1950, -	+6 .	€8166	£2805	£1570
Sugar (LDP Raw)	.\$264.0	-16,5	\$344.2	\$330.7	\$262.9 :
Bartey Futures May	£116.20	+0.20	£104.25	\$12T.5	2107.5
Wheat Futures May	£182.60	+2.36	€120.90	E134.1	E114.75
Cotton Custook A Incian	E-30	+0.15	116.30	87.66	81.95
Wool (64s Super)	432p -	42	508p	452p	430p
Oil (Brent Blend)	\$19.08x	-0.48	\$19.01	\$23,13	\$16.90

#### WORLD BOND PRICES

#### MARKET REPORT

By Lisa Bransten in New York and Samer takandar in London

A surprisingly weak April employment report failed to cheer the US Treesury market, which held steady yesterday close to its levels after Thursday's sell-off. In early afternoon trading,

the benchmark 30-year Treasury was off \( \frac{1}{2} \) at 86% to yield 7.077 per cent, while at the short end of the maturity spectrum, the two-year note was is stronger at 991, yielding 8.146 per cent. The June Treasury bond future was unchanged at

Bonds spiked briefly higher after the Labor department said just 2,000 non-farm jobs were created in April, far fewer than the 128,000 new jobs many economists had expected.

On Thursday bonds tumbled after stronger-than-expected figures on gross domestic prod-uct growth triggered fears of an emergence of inflationary pressures. Some on Wall Street had hoped that a weak jobs figure would help the market recover some of its losses. But Wall Street was troubled spread over bunds unchanged at 4 basis points.

BENCHMARK	GOVE	RNMI	ENT BO	NDS			
		Red		Дву'я		Waek	Month
	Coupon	Deta	Price	THE OWNER OF THE OWNER OWNER OWNER OF THE OWNER OWN	Ylekt	ago	ago
Australia	10,000	02/06	107.0680	-0.900	8.92	8.70	8.93
Austria	6.125	02/08	17,1000	-0.600	0.63	8.34	5.66
Seigrum	T.000	05/08	101,6000	-1,090	5.77	6.58	6.88
Canada "	8.750	12/05	105,8600	-0.200	7.87	7.69	7.67
Denmark	8,000	03/06	0.0000	_	20.0	7.19	7.82
France ETAN	5.780	03/01	100.5000	-0.380	5.82	5.49	5.94
CAT	7.250	04/06	105.2700	-0.610	6.51		6.74
Germany Bund	6.000	02/06	95.9800	-0.650	6.57	6.33	€.50
Ireland	8.000	08/06	101.2500	-0.660	7.81	7.45	8.02
	9.500	02/06	98.1000	-0.530	8.54†	8.56	10.51
Staly Jacont No 140	6.800	06/01	0.0000	-	0.00	2.50	1.86
Jepan No 140	3.000	09/05	0.0000	-	0.00	3.45	3.20
	6.000	01/06	96.7200	-0.620	8.48	6.27	6.54
Netherlands Portugal	11.875	02/05	118,5300	-0.870	9.06	9.84	9.74
	10.150	01/06	105,2200	-0.900	9.28	9.05	9.55
Spain Sweden	6.000	02/05	84,8430	-0.610	8.52	8.15	8.5D
UK Gilla	8.000	12/00	101-20	-11/32	7.57	1.32	7,44
OK CHES	7.500	12/08	94-26	-17/32	2.74	7.97	9.13
	9.000	10/08	105-01	-20/32	8.34	8.07	8.25
I DO Tomorros C	5.625	02/06	91-15	-11/32	6.83	B.53	6.29
US Treesury "	6,000	02/25	87-00	27/32	7.05	6.79	8.62
EOU (French Govi)	7.500	04/05	103,6500	~0.250	6.95	8.72	7.29

Prices: U.S. UK or 30nds, opened in de BERKELEY FUTURES LIMITED PUTURES &OPTIONS TRADERS 38 DOVER STREET, LONDON WIX 2RB TEL: 0171 629 1133 FAX: 0171 495 0022

PAR AN EPPETENT FUTURES AND OPTIONS TRADING Clearing and Execution Service 24 has Contact: Dancay Duna Tel: + 44 171 329 3030 Fax: + 44 171 329 3919

tors who had sold metal they did not possess in the hope of buying back more cheaply before delivery was duel are lining up to cover." BASE METALS

Open Int. Total delly turnover

THE SE DO! SOUND

High/low AM Official

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Open int. Total daily turnover

Class Previous High/low AM Official

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IF USE AN ORGAN 2/8 rate: 1.5109

WIGH GRADE COPPER (COMEO

LONDON METAL EXCHANGE

According to the latest Goldman Sachs Commodity Watch report a combination of strong onomic growth in emerging markets and lagging G-7 expansion was the "best possible combination" for an extended bull market in com-modities. "The evidence points to a longer and cumulatively larger commodity bull cycle than any since the early 1970s," it added.

The copper market's rise, \$32.25 on the week to \$2,636.50 a tonne, was encouraged by mid-week news that workers at Chile's state-owned Chuquicamais mine, the biggest cop-per producer in the world, had gone on strike in support of a pay demand. Management at Codelco, the state mining corporation, said, however, that Chuquicamata had enough copper in stock to enable it to avoid declaring force majeure on shipments to customers for at least two weeks. Earlier metal traders had commented that the mine's exports were too important to the Chilean economy for the government to allow the strike to drag on for

Aluminium prices were also strong this week, despite a further substantial rise in LME stocks. The three months delivery price closed yesterday at \$1,626.60 a tonne, up \$5.25 on the day and \$39.25 on the week. Traders told Reuters, however, that the market needed to overcome resistance at the previous support level of \$1.660-65 a tonne to look "fully construc-

tive". At the London Commodity Exchange cocoa futures put in the strongest performance. The July delivery contract rose \$8 yesterday to \$1,104 a tonne, up \$39 on the week but still \$9 short of the 21-month high reached at one point on Thurs-

Traders suggested that the bulls were betting on a supply squeeze biting before new harvest supplies began go arrive from West Africa, Latin America and South-east Asia.

in yesterday's jobs report, par-ticularly the 0.6 per cent

advance in average hourly

Mr John Spinello, a govern-

ment securities strategist at Merrill Lynch, called the wage

component "disturbing" given

that much of last year's bull

market for bonds was based on steady wage costs.

UK gilts opened lower after disappointing results for the

governing Conservatives from

Thursday's local elections, and

fell further in the wake of vols-

tile US Treasuries, Liffe's long

gilt future settled at 104%, down 16. German bunds

showed a poor performance, Liffe's June bund future closed

at 95.80, down 0.60. In the cash

market, the 6 per cent bund

due 2006 fell 0.65 point to 95.98,

allowing the yield premium of

Treasuries over bunds to nar-row by 7 basis points to 43. French OATs closely

matched the bund market's

performance. Matif's June

notional future settled at 112.62, down 0.64. The 10-year

benchmark OAT lost 0.61 point

to 105.27, leaving the yield

earnings.

PRECIOUS METALS

	d by N M Roth		
Gold(Tray az) Class	393.00-393.40	£ equiv	SFr equiv
Opening Marning Bs	393.60-394.00 394.00		490.530
	394.00 394.50-395.00 392.60-393.00	261.555	487.772
Previous close	393.00-393.40		- 14040
TOCO I'ON MAN	n Gold Landing		8 U33)

369.55° 378.70 390-393 404.30-406.80

91-94

81<sub>4</sub> 5.3

BOND FUTURES AND OPTIONS

I LONG TERM FREDICH BOND OFTIONS MARTIF

2.68 1.86 1.03

MOTIONAL PRENCH BOND PUTURES MATER FF1500,000

Sett price Change

122.62 -0.64 121.16 -0.62 119.96 -0.60

0.27

Sett price Change

BUND PLITURES OPTIONS (LIFTE) DM250,000 points of 100%

Aug 0.71 0.52 0.37

- CALLS

95.80 94.86

Jul

,fun Sep

WE MOTHONAL GERMAN BURED FUTURES (LEFFE) DM250,000 100ms of 100%

-0.60 -0.60

Sep 0.87 0.68 0.50

US INTEREST PLATES

Open

122.04 121,46 120.38

Printe min Broker leen sale \_\_\_\_\_ Fed Junda Fed Jestie 21 Mary Continu

France

COMMODITIES AND AGRICULTURE Precious Metals continued GRAINS AND OIL SEEDS BOLD COMEX (100 Troy oz.; S/troy oz.) Sett Day's

MALUNTHAUNCE INC	PURITY & P	r iomo			design		Same of Street	Yel	7
	Cash	3 miles		392.5	· -15	395.8		-	
Close	1626-27	HIS6.5-67.0		394.1		390.5	383.8		
Previous.	1820.5-21.5	1651-52	Ang.	- 395.6	-1.6		396.4		
High/fow	1626	1656/1646	Oct.	399.1		401.1 404.0	399.1		
AM Official	1827-27.5	1656.5-57.0	Feb	401 T		40.5	461.3		
Kerb ciose	1027-212	1048-7	Table 1	1012	-12	-	_	10 <b>39,54</b> 1	
Doen m.	209, 186				- NAG				
Total daily turnover	66,685		2.72	ATRUM	NY DOC	in nel	OF 02:	20EGA I	프
ALUMBRIAN ALL		4	340	407.6	-02	419.5		2,328	20
			Det	410.5		4125	4100		
Close	1355-65	1395-98	-Jean	413.3	-0.2	·	-	2	
Previous	1350-60	1390-95	Apr	416.0	-0.2	-	-	2	
High/low		140071388	Total					2,441	
NA Official	1367-62	1396-96	E PA	LLADRIN	A NYME	00th X	Troy o	2.: <b>3/</b> tro	w o
Kwb close		1390-5				_			
Open Int.	5,656		Jen	136.05		137.08			
Total daily turnover	1,544		-	137.25		137.2			
	4		Dec Total	136.35	-0.15	138,25	136 00	_3	
Ciose	858.5-9.5	143-43.5		MER CO	AEV AS	000 T-		791	
Previous	631-3	B21-2		, CC	MD- (-				Oy I
High/low	805/863	849/830	-	542.4	+5.3	548.0	532.0	133	
AM Official	662-3	845-6	July 1	544 B	+52	543.0	538.0	3	
Kerts close		839-40	34	547,0	# 5.X	553.0	537.5	17,009	85.
Open Int.	12,092		Step Step	552.1	+5.0	566.0	543.6	364	73,
fotal daily lumover	35,383		Pec	558.7	+5.0	564.0	552.5	176	9,
NICKEL IS per ton			Total .	587.6	+5.1	571.8	571.0	- 4	3,
Cham.	8135-45	8220-25	1,000					17,712	Ø,
Provious.	B065-75	B150-55							

6168-70

6820-30

1074-75

1061-62 1079/1065 1071.5-72

1073-4

2638/2600

2627-29

38,884 11,492

6630-35

16,900

4,724

1049.5-60.5

1036-37 1049/1048 1049-49.5

72,374

21,815

2708-13 2750/2786

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79,321

clei high grade (5 per

EM	TOTAL T					
E C8	1806 OS	NYME	M2.00	OUS!	<b>1</b>	DUTTER
	Labor					Орек
	prion	charge.	Migh	LOW	Yel	
	21 12	+0.26	21.26	29.70	51,628	98,655
	20.09	+0.23	20.20	1979	25,505	72.230
App	19.38	×0.10	15.44	T9.18	10,883	52,053
	18.92	+2.10	18.95	18 74	2,596	35,818
Bed.	18.70	+0.49	18 70	18 53		24.00
Here	18 48	+0.63	18.54	18.37		17,220
Turn					11,535	<del>44,9</del> 12
	UZ€ CII.	DE BA	(correct			
• a	UDE CH.	PE (S/)	(कास्त्र	_	_	Open
• 0			(Serve)	Law.	Vol	Open Int
_	Latent	Day's		Lana 18.72	Vol. 11,009	
=	Latent price 19.71 18.34	Day's charge +0.32 +0.25	MgA		11,009	lest
=	Latent price 19.11	Duy's change +0.32	19 <sub>2</sub> 0	18.72	11,009 8.640	l≡t 52,067
# # # # # # # # # # # # # # # # # # #	19.11 18.34 17.85 17.52	Day's charge +0.32 +0.25	1920 1841 1759 1755	18.72 18 10	11,009 8.840 1,436	int 52,067 64,388
Ami Ami Sup Oct	19.11 18.34 17.25 17.52	Duy's change +0.32 +0.25 +0.15 +0.14 +0.12	1920 1841 1732 1755 1732	18.72 18 10 17.84 17.34 17.66	11,009 8,840 1,436 538 580	52,067 64,388 22,328 12,655 7,588
AM AMP Sup Oct Sar	19.11 18.34 17.85 17.52	Dey's charge +0.32 +0.25 +0.15 +0.14	1920 1841 1759 1755	18.72 18 10 17.84 17.34	11,009 8,840 1,436 538 580 125	52,067 64,388 22,328 12,655 7,588 4,589
Ami Ami Sup Oct	19.11 18.34 17.25 17.52	Duy's change +0.32 +0.25 +0.15 +0.14 +0.12	1920 1841 1732 1755 1732	18.72 18 10 17.84 17.34 17.66	11,009 8,840 1,436 538 580	52,067 64,388 22,328 12,655 7,588 4,589

Latest Day's price charge High

124.95 +2.40 125.00 122.55 518 8,191 124.20 +2.35 124.30 123.38 62 3,143 122.20 +2.15 122.60 116.80 3,896 24,833 120.50 +1.70 118.80 119.80 20 740 178.90 +7.65 116.80 119.80 366 4,209 117.35 +1.15 117.35 117.35 1 501 0.125 F1.8007

61-63

394.00 281.586 487.772	Sep 2.120 -0.043 2.155 2.120 1
394.50-395.00	Oct 2.130 -0.038 2.100 2.130
382.60-393.00	Sep 2.180 -0.038 2.205 2.180
58 393.00-393.40	Tumb
lean Gold Landing Rates (Vs US\$)	MINERADIED (DASIOLINE MINER (42,000 US galls; c/US galls)
4.30 12 months3.89	Latest Bey's price change Migh twe
p/troy dz. US cás equiv.	89.40 +1.00 69.50 88.00 15
360.05 541.00	85.20 +0.90 65.30 54.10 7
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Tressury Sills and Sond Yields

122.44 121.04 120.36

0.12 0.45 0.88 1.57

Low

95.56 94.65

1.13 1.45 1.63

123.02 121.46 120.36

1.51

High

96.19 95.21

Jun 0.40 0.61 0.92

# BHEAT LOS IS per towned 
 Sett
 Duy'n prior change
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 -0.95
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 -0.60
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 122.90
 492 1.621 405 2.973 SOFTS

IS COCOA LCE (E/Ipprint)

1090 110 1,573 1097 2,137 25,270 1116 1,606 45,542 1069 678 25,027 1022 869 35,286 1033 123 17,632

1384 6 286 1378 5,130 32,349 1290 1,954 18,018 1401 382 17,561 1405 387 13,960 1429 2 4,935 7,830 86,466

Jeri Jel Any Got Got Feb Tutal

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	20.09	+0.23	20.20	1979	25,505	72.230
9		-A.10	15.44	T9.18		52,053
		+0.10	18.95	18 74		35,818
-	18.70		1870		1,100	
-	18 48	+0.63	18.54	18.37		17,220
					D.555	<b>64.9</b> 12
	n∈ Oil.	PE BA	ज्यात) (कास्त्र)		•	
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CIU.	Latent	-	(Serve)	Lave	Vol	Open Int
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	Latent price 19.11 18.34	Duy's charge +0.32 +0.25	1920 1841	18.72 18 10	11,009 8,640	52,067 64,388
	Latent price 19.11 18.34	Duy's change +0.32	19.20 18.41 17.92	18.72 18 10 17.64	11,009 8,640	last 52,067
	19.11 18.34 17.85 17.52	Duy's change +0.32 +0.25 +0.15 +0.14	1920 1841 1752 1755	18.72 18 10 17.84 17.34	11,009 8.640 1,436	52,067 64,388
	19.11 18.34 17.85 17.52	0wy's change +0.32 +0.25 +0.15 +0.14 +0.12	1920 1841 1752 1755 1732	18.72 18 10 17.84 17.34 17.66	11,009 8.640 1,436 538 580	52,067 64,388 22,328 12,925 7,588
	19.11 18.34 17.85 17.52	Duy's change +0.32 +0.25 +0.15 +0.14	1920 1841 1752 1755	18.72 18 10 17.84 17.34	11,009 8,840 1,436 538 580 125	52,067 64,388 22,328 12,655 7,588 4,589
	19.11 18.34 17.85 17.52	0wy's change +0.32 +0.25 +0.15 +0.14 +0.12	1920 1841 1752 1755 1732	18.72 18 10 17.84 17.34 17.66	11,009 8,840 1,436 538 580 125	52,067 64,388 22,328 12,925 7,588

\$4.50 +0.56 54.90 \$1.50 10.241 25.714 \$2.80 +0.81 \$2.90 \$2.05 5,113 15.927 \$2.40 +0.65 \$2.90 \$2.15 2,536 13,751 \$2.80 +0.81 \$2.90 \$2.95 \$50 5,875 \$3.35 +0.81 \$2.35 \$3.15 \$307 4,128 \$3.86 +0.76 \$3.85 \$3.80 \$1.52 1,874 17,365 94,336

164.75 -0.75 166.00 162.00 4.214 10.247 163.75 -0.25 164.75 160.25 1.181 13.072 162.25 -1.25 163.50 161.25 504 65.45 162.00 -0.05 163.00 161.25 564 65.45 162.00 -0.75 162.25 161.25 66 3.357 9,165 52,587

M MATURAL GAS NYMEX (10,000 maille); S/mmBts.) Latest Day's price change Figh 2.120 -0.070 2.185 2.115 7,148 30,244 2.145 -0.046 2.180 2.135 2,775 20,921 7,370 10,030 1,350 14,903 856 71,530 580 7,908

141	MEX (42,00)	O US gentle	:; c/U6 g				
		Bey's	2.5			Open	
-	price	cpeute	<b>Myn</b>	pani.			
شن	69.40	+1.00			15,616		
M	85.20		65.30				
-	03.15	+0,75	61.80	80.80	2,756	12,705	
Sap "	55.55	+0.85			406	A/A	
946	35.25	_	66.55	85.55	25	1,26	
Mar -	11.50	-	-	-	3	1,020	
i etal					3UNS	71,121	

Bst. vol. Open int.

209,659 161,215 1,060 11,119 2 6,128

1.31

Est. voi Open int.

194240 9869

265946

Aug 1.33 1.54 1.99

0.52

1.48

Strike Francis

104 105 106

MI WHEAT CET (5,000bu mint conts/60th bushel) E COCOA CSCE (19 tonnes; S/tonnes) 822.50 +2.50 646.80 820.00 825 1.222 562.00 -5.00 577.00 582.00 32.652 61,616 558.50 -1.00 572.00 551.00 5,000 15,045 569.50 +2.50 562.00 589.00 8,001 77.92 568.50 +2.50 572.50 562.80 161 1,384 508.00 +4.00 515.00 505.00 22 140 Buy Jel Sop Dec Star May Titte -8-371 SL652 MARZE CBT (5,000 bu min; cents/56th bushel) E COCOA SCOO SERVICENS 471.00 -5.75 480.50 468.00 7,447 11.941 452.00 -5.25 462.00 451.00 61,622 168.578 100.75 +4.75 323.00 363.50 16,823 58,695 333.25 +675 334.00 242.5 35,405 73,323 338.50 +6.75 338.50 332.00 19,92 15,222 340.00 +6.00 342.60 336.00 61 1,538 123,000 463.00 Daiy ... E COPPER LOS SACREM 116:20 -6:05 116:50 116:00 110:75 - - -112.25 COFFEE 'C' CSCE (37,500lbs; cents/fbs) May May E SOVANEANS (ST 6,000s only conclude basis) 808.50 +5.75 810.50 801.00 4.435 7.706 816.80 +7.00 819.50 805.50 44,732 80,767 813.60 #8.75 817.00 808.00 1,817 11,114 791.00 +3.50 795.50 788.50 714 6.95 779.50 +1.25 786.00 773.50 21,961 71,802 M COPPE (ICO) (US CONSUDERS 783.00 -0.50 791.00 782.00 637 6.694 Comp. daily SOYABEAN OIL CET ESTADORS CONTRICT 27.48 -0.01 27.77 27.35 5,645 1,895 27.83 -0.00 28.17 27.73 17.555 56.269 27.99 -0.04 28.32 27.90 968 10.547 27.99 -0.04 28.00 28.10 694 8.455 39.25 -0.05 28.60 28.20 577 1,270 28.77 +0.02 28.85 28.35 1,545 17.454 28.25 48.27 28.28 28.35 28.35 4.545 4.545 M WHITE SUGAR LCE (\$/tonne) Ang Oct Sen Her Her Ace Total 29,220 98,272 S SOYALEAN MEAL CET 1100 tons: Ston) 347.1 +1.7 207.5 245.0 2,731 4.474 251.0 +1.7 251.5 247.6 17,223 52,663 SUCIAR "IT CSCE (112,000tos; certa/loc 250.5 +1.7 250.8 248.3 2,341 11,574 246.7 +1.5 267.0 244.8 962 7.288 241.6 +0.6 362.5 240.3 118 1,300 241.6 +4.9 263.0 239.0 2,342 15,606 Jul Oct Mar May Jul

POTATOES LCE (Ettonne) -COTTON NYCE (50,000 complete 74 1,050 80 1,727 124.3 45.3 125.0 118.0 FREIGHT (SIFFEX) LCE (\$10/index point) +10 1410 1410 30 778 - 1305 1305 6 501 +3 1283 1275 21 1,989 -2 1361 1350 10 1,022 - 57 -20 - 32 1410 1806 1283 1357 1350 Ersskall. 1383 1395

**P71** 

FUTURES DATA All futures class supplied by CMS. The Australian market opened down again this week. The Seatern market indicator down to a new seasonal lov of Stacts and the Western indicator down to 510cts. The Seatern indicator incovered to 540cts and the Western mached 517cts as the week closed against a background of a stronger Australian dollar. This is set the first time that hopes of a firmer woot notified have emerged this season aided by some improvement in business from processors in Europe and the Fer East. The New Justine Inspect of 50cts to a new seasonal low of 455cts, 4696 of the offering was withdrawn by growers dissectioned with prices so a revival in wool market optimizen has to be viewed with caution.

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrests. INDICES EUTERS (Base: 18/9/31=100) May 2 month ago year ago May 3 2117.2 M CRB R

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Average gross redemption yields are shown above. Coupon Bands: Low; 0%-74/%; Medium; 8%-104/%; High: 11% and ower, † Flat yield. ytd Year to date. Base values: UK Gibs Indices 31/12/75 = 100.00 and Index-Linked 304/62 > 100.00. \* 1996 highs and lows. QILT EDGED ACTIVITY INDICES FT FIXED INTEREST MIDICES May 3 May 2 May 1 Apr 80 Apr 29 Yr ago Hight Low Apr 29 May 2 Apr 30 May 1 Govt. Secs. (JRQ) 91.57 92.05 92.47 92.57 92.71 82.47 96.34 91.97 Photo Interest 111.46 112.63 112.72 112.78 112.83 111.32 115.23 110.74 for 198. Government Securities high since complision: 127.4 (JBD/1/53), low 40.18 (JBD/1/75), Rest 167/1/25 and Fleet Interest 1983. Six solidy Indianos instance 137.4 87.6 98.2 80.4

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Trees 6 14-gc 2016 Prospective read redemption rate on projected inflation of (1) 1074 and (2) 516. (b) Figures in perendices show RPI base for indexing is 6 months prior to issue) and have been addusted to reflect ratesing of RPI to 100 in February 1987. Convention landor 3,945. RPI for August 1996: 149.9 and for March 1996: 151.6. Over Filters Venus Corv Spc Ln 2011 ## Tress Spc 2012## Tress Spc 2013## Tress Spc 2013## Tress Spc 2013## -12 11212 1045; -13 1132 1042; -14 10512 156. -15 10512 1563; -15 1013 1563; -15 1111, 1062; -15 1111, 1062; -15 1111, 1062; -15 1111, 1062; -15 1411, 13012; 8.42 104% 8.44 197% 8.27 76% 8.45 65% 8.47 93% 8.45 95% 8.46 102% 8.45 137.5 8.44 962 8.58 8.58 7.22 8.34 8.29 8.36 8.50 9.16 Other Fixed Interest to Red Price 2 + or - High Low | 1992 | 1995 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | 1996 | Fire to Filinan Yann
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#### COMMENT & ANALYSIS

#### FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Saturday May 4 1996

## Mr President sitting pretty

How the lowly have risen. Eighteen months ago, it was barely possible to conceive of US President Bill Clinton winning a second term this November. These days it is difficult to imagine any-

Mr Clinton's comeback shows him to be a man of rare - if intermittent - political skill. But rarest of all is his sheer luck, not least the economic variety.

The US has now entered its 62nd month of consecutive growth. making this the longest peacetime expansion without a single quarter of negative growth since the 1790s. This week's economic data provided very little indication that the winning streak will be broken any time in the near future.

Mr Clinton could hardly ask for a more benign constellation of moderate inflation and highly respectable growth in output and employment, as he enters the last six months of the campaign. Yet. being a politician, he surely does want more: more rapid growth, and, crucially, larger wage rises for the beleagured American workforce. The fear among inves-tors, so evident in US financial markets this week, is that he

would get his wish. Bond prices plummeted on Thursday at the news that the economy had performed a good deal better than expected in the first three months of this year. Real gross domestic product was revealed to have grown at an annualised rate of 2.8 per cent in the first quarter, a good percentage point higher than most Wall Street economists had predicted.

In the frenetic trading which followed, yields on the very long-term (30-year) bond rose above 7 per cent for the first time in nearly a year. Less predictably, perhaps, the Dow Jones Industrial Average followed suit, ending the day over 75 points down.

investors were only partly appeased by yesterday's 2,000 increase in non-farm employment in April. True, the increase was some 100,000 or so lower than expected, but it was not lost on traders that the six-figure job growth in each of the previous two months had been revised upwards even further.

Less worried

good economic news provides Mr Clinton with something of a conundrum. For, much though he may delight in signs of a renewed upturn, he could clearly live without a pre-election rise in short and long-term interest rates.

As far as short-term rates are concerned, futures markets are indeed now predicting a roughly rates by September, with a further quarter-point increase factored in between then and December. Yet the Federal Reserve chairman, Mr worried by the latest economic

inflationary pressures, for one thing, still appear well under control, particularly in the labour market. For all the new jobs cre ated since the start of the year the rise in the employment cost index actually decelerated slightly during the first quarter, to a quar tarly rate of merely 0.7 per cent. compared to a revised 0.8 per cent growth in the fourth quarter of

Meagre growth

A closer examination of the new GDP data provides further arguments against the overheating hypothesis. Companies do appear to have been able to sell many o the stocks they were landed with at the start of the year. But, amid meagre growth in investment and wages, reduced public spending and rising consumer debt it is difficult to see where a sustained surge in US growth would come

Mr Clinton, then, has grounds for at least hoping that Mr Greenspan will not rain on his re election parade. But he can expect fewer favours from the bond marto persuade the Republicans to agree on precisely how to balance the federal budget over the next seven years.

Mr Clinton has little to lose either in the financial markets, or in the opinion polls - in pressing the Republicans to come up with such a deal. He won the budget war of 1995-96 hands down, by allowing the Republicans to go too far in their assault on, among other things, the social safety net licans accepted last week's agree ment because they could see there was no more political mileage in such a confrontation.

If Mr Clinton's opponent, Sena tor Bob Dole, accepts the budget challenge and there is an agre ment, his case for replacing Mr Clinton is inherently weakened. If he baulks, the president can again say the Republicans are not really bout respon tions to balance the budget.

The most likely outcome is much posturing on both sides. leading to a stalemate until the election. The good news for Mr Clinton is that the latter might help him win. The bad news for the US economy is that it would leave the underlying fiscal prob-Jem unresolved

## Policy of getting together

The merger between Sun Alliance and Royal is likely to launch a wave of consolidation in the UK insurance industry, says Ralph Atkins

merger between Sun Alliance and Royal Insurance has provided a sudden shot of adrenalin for the UK insurance sector.

The two companies have seized an opportunity long apparent to many in the sector: as in banking, there are deals possible that can cut costs and increase clout in competitive markets.

"It is one of the most exciting situations in insurance for a long time," says Mr Richard Gamble, Royal's chief executive.

By joining forces, Mr Gamble and Mr Roger Taylor, Sun Alliance's chief executive, have opened a new chapter in the history of the UK's "composites" - insurers which combine general and life operations. The last substantial consolidation move was Sun Alliance's £400m acquisition of Phoenix in 1984.

For the past decade, the compos ites have been preoccupied by problems such as heavy losses on domestic mortgage indemnity busi-ness caused by the housing slump. A succession of natural catastrophes, including severe storms in 1987 and 1990, combined with falling premium rates in the early 1990s to further erode profits and drive several companies deep into the red.

But in the past two years, UK profits have soared on the back of higher premium rates and lower claims. Balance sheets have strengthened and a new generation of managers has emerged. Mr Gamble, the longest serving, became chief executive only in 1992.

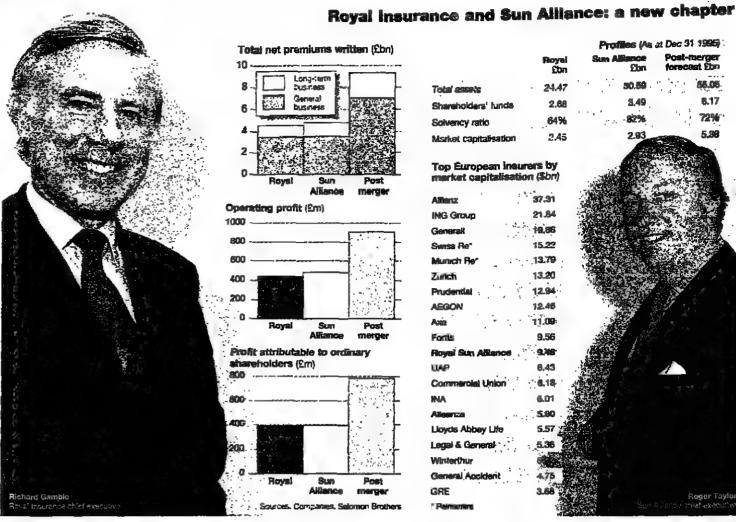
Yesterday's stock market reaction, which saw sharp price rises across the sector, reflected a widespread expectation that the Royal/ Sun Alliance deal may now trigger a wave of similar moves. The last big wave of consolidation in the late 1950s and 1960s included the merger of Sun and Alliance, Guardian's link with Royal Exchange, and Royal Insurance's acquisition of London and Lancashire.

Shares in Guardian Royal Exchange and General Accident, the Perth-based composite, ended up 38p at 271p and 25p at 647p respectively on speculation that they may feel compelled to merge to gain similar expense advantages. The case for consolidation is

strong. Royal Sun Alliance envisages proportionately bigger cost savings than last year's merger of Lloyds Bank and TSB. Some £175m a year - equivalent to about 10 per cent of the combined costs of the two companies - is expected to be lopped by 1998. This will be achieved largely by cutting 5,000 jobs, or about 11 per cent of the worldwide workforce.

have been possible in the past. Unlike banks, insurance companies do not have a network of high street branches to streamline. Traditionally, a large chunk of insurers' expenses - those associated with handling agents or brokers have varied according to the volume of business

But technological change is altering the sector's economics. The



Salvency ratio Top European insurers by 37.31 21.84 ING Groun 13,79 13.20 Zurich Prudential 12.94 12,46 AEGON Legal & General

increasingly-popular "direct" selling of insurance products to consumers by telephone requires significant investment in the fixed costs of information technology and marketing, including expensive television advertising. By combining operations, costs per policy can be

Sun Alliance and Royal also expect to achieve cost savings by merging head offices, investment management and international operations. On the life side, the combined group will be the sixth largest in the UK, again increasing opportunities for reducing unit costs and offering better value to

By leap-frogging to the top of the UK composite insurers' league table, Royal Sun Alliance will benefit from increased clout in negotiations with reinsurance companies, which protect conventional insurers against large losses. This could be significant - internal estimates suggest it could push cost savings above £200m a year.

will have a wider geographical spread that will reduce exposure to large catastrophes or severe weather in one country. Royal is strong in the US while Sun Alliance has concentrated on continental

Size is also important in develoring markets. For some time Sun Alliance has wanted to become the first European insurer to obtain a

full trading licence in the potentially vast Chinese market. The merger reduces the chances of being pipped by larger European rivals. When you leave the UK, size, prestige and clout matter a great deal," says Mr Gamble.

Mr Taylor and Mr Gamble have set such international expansion as a priority. Here there are further advantages in combining forces via an agreed merger. Based on last year's figures for the two groups. Royal Sun Alliance will have a solvency ratio – a crude measure showing the value of assets as a proportion of premium income - of about 72 per cent. This is high by the sector's standards and suggests that once the two groups are inte-grated. Royal Sun Alliance might be in a position to make significant acquisitions, perhaps emulating a series of deals over the past few by continental European

ut while the logic for the merger might be ance has to avoid a number of pitfalls. First, it has to ensure financial strength does not become a weakness. The danger of having a lot of capital is that it encourages the pur-

suit of market share through pricecutting without regard for profits. In the past year Sun Alliance has looked increasingly overcapitalised, having lost important business contracts. These include the contract to underwrite household insurance business for the Halifax building society, costing £160m in annual premium income. In February. Chubb Corporation, the US insurer, announced it was unwinding a trading arrangement with Sun Alliance

that dated from the last century. The merger with Royal will help allow Sun Alliance's US assets to be used to develop Royal's existing US business. However, there was disappointment in the City that the combined group was not repaying funds to shareholders.

By reducing the number of UK insurers, yesterday's deal might reduce the pressure to chase market share - Royal Sun Alliance will have roughly a 20 to 25 per cent market share. But it will have only a marginal impact on competition. says Mr Andrew Pitt, insurance analyst at Salomon Brothers. "If anything, Royal Sun Alliance will be a more efficient player. The affect will be to allow them to be competitive. It doesn't take capacity

The second danger posed by the deal is that it will result in an unwieldy corporate structure. All 11 of the two group's executive directors are remaining - although five will be senior managers rather than directors and and two will be working as consultants. Neither Mr Taylor nor Mr Gamble appear willing to relinguish control. The former will become executive deputy chairman;

the latter group chief executive. Such a top-heavy management structure may be appropriate during the process of integration; longer term it is unlikely to prove fleet of foot and could be a recipe for internal feuding. Rival insurers expressed scepticism about whether the cost savings Royal Sun Alliance

Profiles (As at Dec 31 1995)

had identified were achievable. Finally, there are a host of issues involved in merging brands. Most obviously, a decision is needed on the group's UK-based "direct" telephone-based personal motor and household operations. Royal had set up two "direct" insurers - one trading with the group's name and another operating as The Insurance Service. Sun Alliance brands many of its direct sales activities under the name "Sun Alliance Connec-

tions". Combining the various operations could lead to considerable savings. on marketing and infrastructure costs - necessary to compete with low-cost underwriters such as Direct Line - but at the risk of ing a particular brand of policy.

These issues will have to be addressed if Royal Sun Alliance is to realise its ambition to become an increasingly global insurance company. For now, there is no UK composite that approaches the size of Germany's Allianz or Italy's Generali. Yesterday's deal may revitalise the sector - but it is only a begin-

#### ·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +14 171-873 5938 (please set fax to 'fine'), e.mail: letters editor@ft.com Translation may be available for letters written in the main international languages.

#### **Fashionable** vehicle for good reason

From Mr Charles Steer.

Sir, "Sloanes" lead the fashion for multi-purpose vehicles with good reason ("Into another galaxy", April 27/28). They're not all daft enough to want to scorch about with their bums a few inches above the road their passengers cramped chin on knee - now that they can travel sitting in comfort, high enough to see over hedges (or to look down on the police), yet still as fast as the

Renault's Espace started a French revolution that all carmakers are bound to follow, while British innovation seems to have slipped out of sight. Rolls Royce might have remained the "world's best car" had it adopted a similar plan, instead of trying to bludgeon its way into the market with a 40-year-old concept that lost out to the stretch limousine. Now it's to be just another Deutsche Marque.

Charles Steer, 8 Cromwell Court, Kingston Hill, Kingston upon Thames, Surrey KT2 7PY, UK

#### Challenge of the Internet for schools

Sir, There are a number of important issues that arise from Tim Jackson's interesting article "A bow and arrow plus the three Rs (April 29). Wiring up schools today offers a fascinating business opportunity. Computer hardware and software makers, Internet access providers, and other Net-related industries are expecting to develop a huge untapped market

But introducing the Net into a knowledge-based culture might be the modern equivalent of the bow and arrow introduced into a spear-based hunter economy. Every 'hunter" will need the skills to use

In the schools.

a bow and arrow. Basic skills and fundamental knowledge to handle information have become more and more important in the Net age. The Net is an extremely large information labyrinth. Children are

likely to lose their way in it. They have to be able handle information for themselves, not just know how to handle a computer. This is the key point. Unfortunately, it is technology-oriented people who

teach computer classes in many schools today. Basic intellectual skills like reading, writing and calculating or logical thinking need a cyber "bow and arrow".

how to move around the Net and how to search for information. I believe wiring up schools is a good thing, every schoolchild can then enjoy his or her own global-sized virtual library on the Net. But in this context it will become important that PCs are replaced by the cheaper, easy-to-use Net navigating tools in the near future.

Ippei Wakabayashi. professor, Faculty of International Studies. Bunkyo University, 1100 Namegaya, Chigasaki. Kanagawa 253,

#### Culture of the Bushmen must be protected

From Dr Anne-Carole Chandler. Sir, Lucia van der Post's information about the fate of the Bushmen in Botswana ("Who will guard the land when we are gone?". April 27/28) is deeply distressing. Anyone who has read her father's eloquent books and has seen the Bushmen's cave paintings in remote, mountainous areas of South Africa, will appreciate the

tribulations of the gentle, unthreatening Bushmen. We can learn much from stone-age cultures that may not immediately seem vital but undoubtedly is. They are so fragile and vulnerable that we must protect them because we cannot afford to lose their knowledge and skills. As a start, we can ignore Botswana as a tourist destination

until the Bushmen there are free from persecution; and support financially movements to help them retain their natural way of life.

Anne-Carole Chandler. Achandunie House. Ardross. By Alness Ross and Cromarty, Scotland IV17 0YB, UK

#### UK should prepare itself better for integration with Europe

From Mr John Nugée.

Sir, Joe Rogaly's concluding prediction in his piece "More money than votes". April 27/28) - that the UK will not take part in the first part of Emu, but will eventually be clamouring to be let in, on Brussels' terms, when everyone else has already joined - is likely to prove as true as it is sad. It is, after all, the UK's usual policy with everything

European, from the European Coal and Steel Community and the European Economic Community in the 1950s to the ERM, the Schengen

agreement, and so on. In the case of Emu, membership for the UK from 1999 would pose great problems, not least those that a country with such a high level of floating rate private sector debt would have adapting to a

European-style monetary policy. And there is nothing wrong with saying "We are not ready to take part yet". The true tragedy for the UK is that it has never made use of the breathing spaces to change its way of life so that it is ready; in other words, so that when the country finally joins, as it will inevitably have to in due course, it will be with a more compatible

economy and financial system. Why can the UK's politicians not prepare for European integration and try to make the country a bit more European, so that joining Europe in any of its great ventures is less of a struggle against an alien culture?

John Nugée, 2101 Bamboo Grove, 82 Kennedy Road, Hong Kong



#### **Summer Opera Trips** with the Financial Times July & August 1996

Following earlier successful visits with our readers to opera festivals, the Financial Times is again organising two invitations to the opera this summer. The first to North America in July, and the second to Sweden in August.

Glimmerglass (from 18th - 22nd July) is regularly hailed as America's Glyndebourne, emationally acclaimed for its innovative and beautiful productions - an adventurous company with the highest artistic standards attracting a variety of talented directors, and some of the most promising young American performers. The focus of our operatic experience is the intimate 900 seat Alice Busch Opera Theatre set on the northernmost shores of Cooperstown's scenic Lake Otsego, where we will attend three opera performances: Jack Beeson's Lizzie ? Borden, Mozart's La Fina Giardiniera and Donizetti's Don Pasquale. The first class Otesaga Resort Hotel will be our base during our stay in Cooperstown.

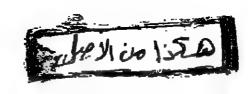
We return to the delightful festival in Drottningholm, where the Financial Times has reserved seats for two performances this season (8 - 11th August): an evening concert with the acclaimed soprano Anne Sofie von Otter, and a performance of Gluck's Orphee et Euridice. Performances in the Court Theatre, built in 1776 by King Gustav III, appear to have changed tittle from the days when Drottningholm was first conceived as Sweden's answer to Versailles.

Holiday cost is £1,295 (Glimmerglass) and from £675 (Dromningholm). Prices are per person sharing a twin or double room with bath and wc. on a bed, breakfast and dinner basis (for Glimmerglass) and b&b only (for Drottningholm), and includes return scheduled air travel, transfers and orchestra stall opera/concert tickets.

These holidays are organised on behalf on the Financial Times by J M.B Travel Consultants Ltd ATOL 3539. The information you provide will be held by us and may be used by other select quality companies for mailing

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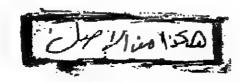
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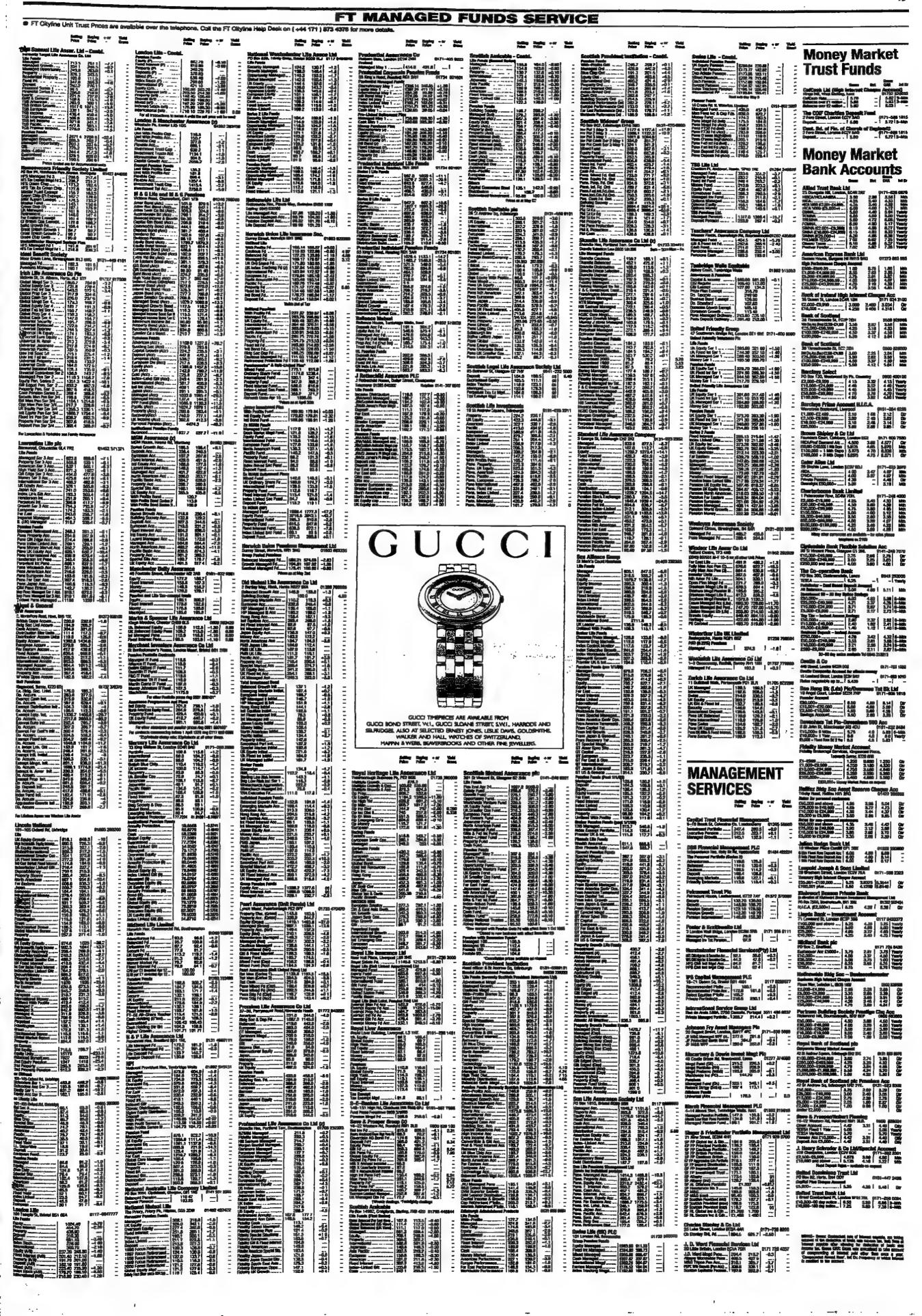
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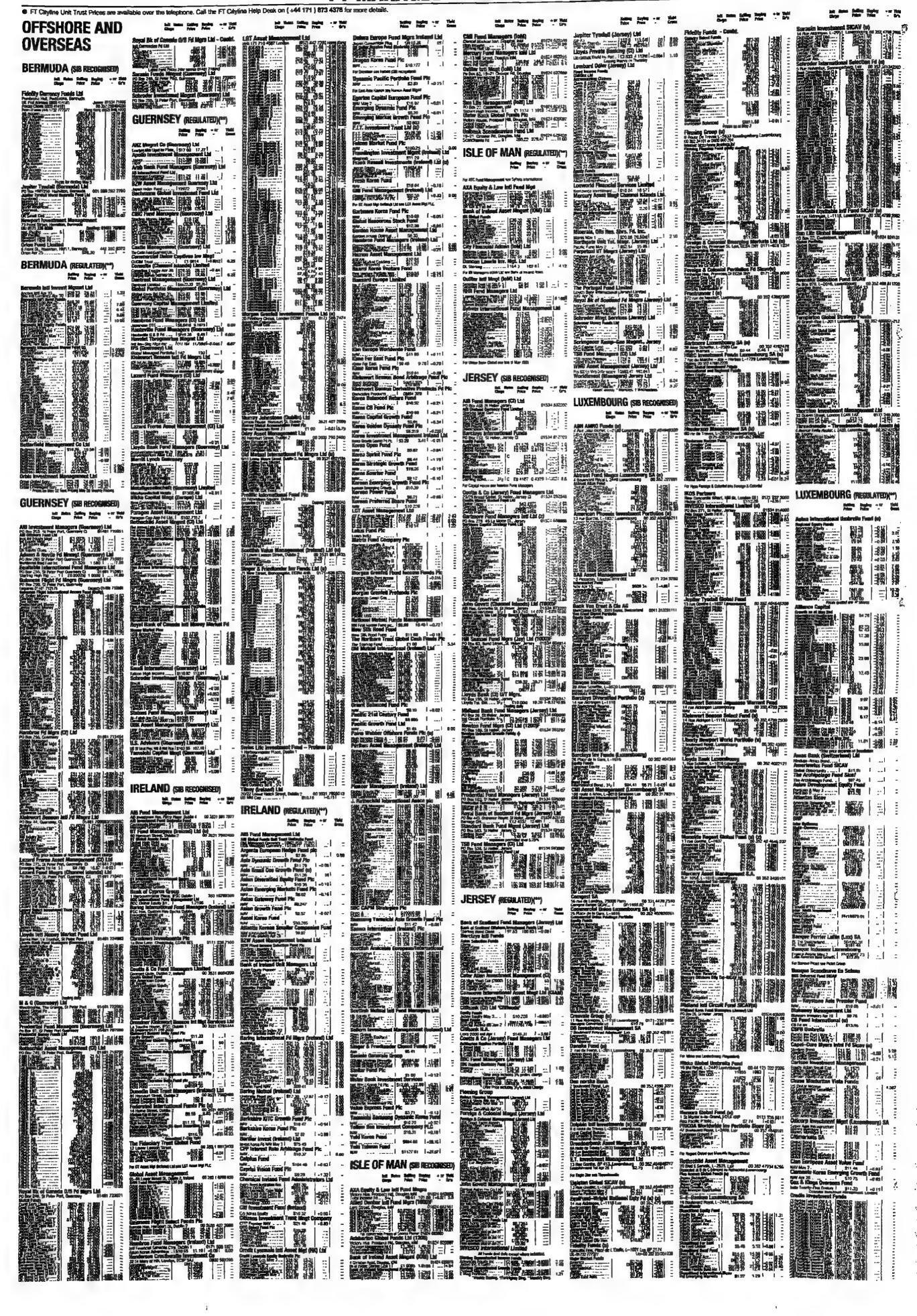
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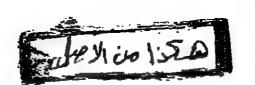
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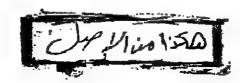
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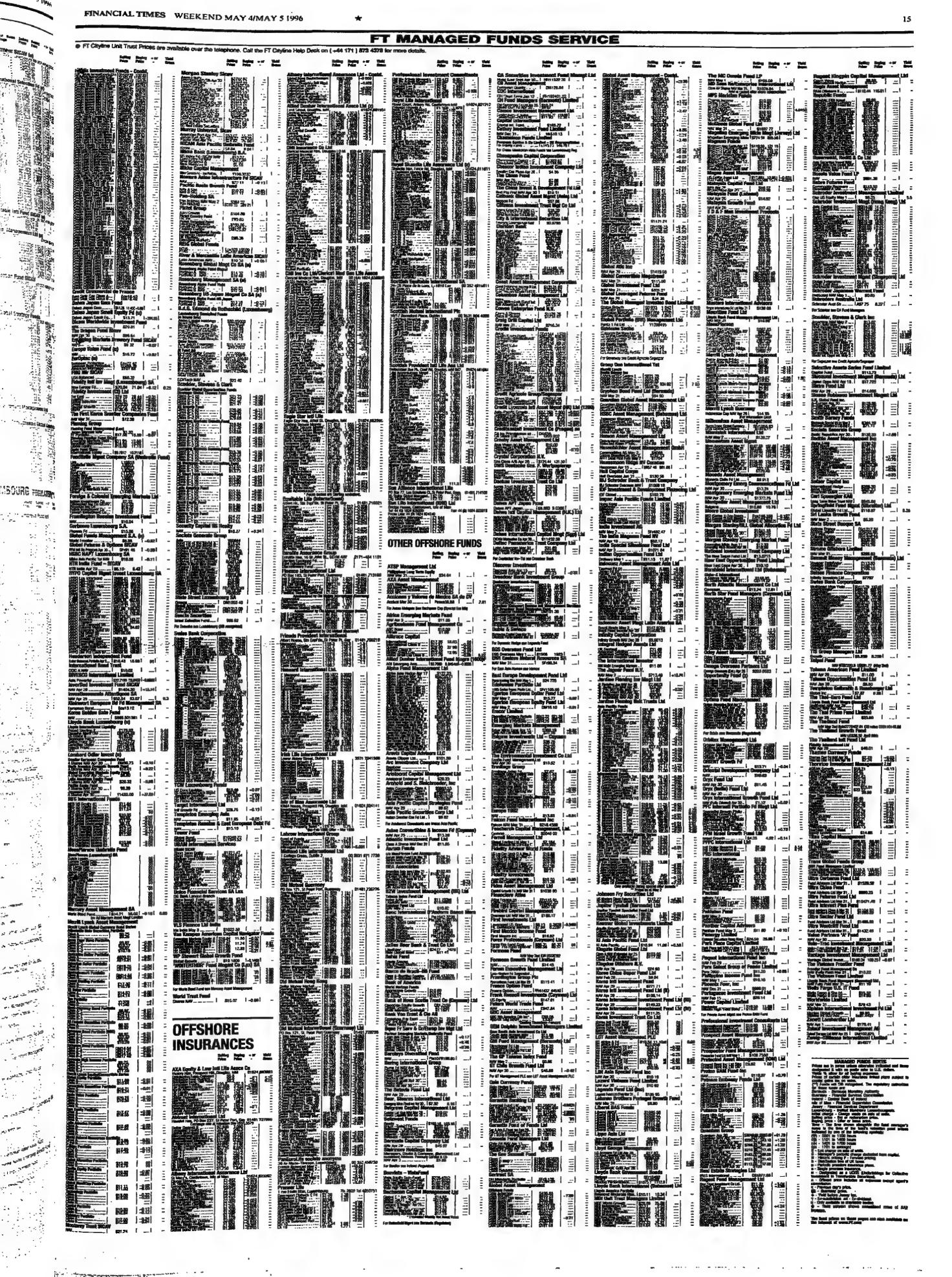
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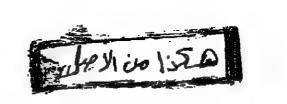
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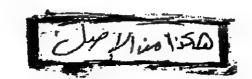
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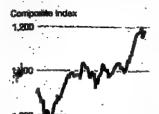
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## Dow tepid in its response to jobs data

**Wall Street** 

US shares were generally flat in midsession trading yesterday although fears of an interest rate increase in the short term were largely erased by a surprisingly weak report on April job growth, urites Lisa

By 1 pm, the Dow Jones Industrial Average had recaptured only 15.53 of the nearly 77 points it had tumbled on Thursday after strong figures on first quarter economic growth worried investors that



the Federal Reserve would have to respond to emerging inflationary pressures. The average stood at 5,513.80 by

The Standard & Poor's 500 added 3.80 at 847.18 and the American Stock Exchange composite gained 0.89 at 589.86. Volume on the NYSE came to

One equity trader at a major New York broking house said that he was seeing a reasonable flow of money into the market, but that investors were surprised that bonds did not respond more positively to

the weak employment figure. The labour department said that 2,000 non-farm jobs were created last month, far fewer than economists projections

about 128,000 new jobs.
Technology shares staged a much stronger rebound, howite adding 14.17 at 1,192.50 and

the Pacific Stock Exchange index of technology shares

climbing 1.4 per cent. Both Microsoft and Intel, the two largest capitalised stocks on the Nasdaq, posted strong gains in early trading. Microsoft advanced \$2% at \$114 and

Intel added \$1 at \$69. Removal of the threat of tighter monetary policy cheered interest-sensitive commercial bank stocks, which were among the hardest hit in Thursday's tumble. Chas Manhattan Bank rose \$1 at \$66%, NationsBank was \$1% stronger at \$78% and Bankers Trust advanced \$1 at \$68%.

Cyclical issues were also stronger with the Morgan Stanley index of cyclical shares rising 0.9 per cent, compared to a 0.6 per cent increase in the counterpart index of consumer hares. Rising cyclical stocks included Aluminum Company of America, \$1% stronger at \$62%, Boeing, up \$1% at \$78%, Du Pont, which added \$1% at \$80 and Union Carbide, up \$1%

Shares in SmithKline Beecham fell \$1! to \$49%, adding to the \$3% they fell on Thursday after a Food and Drug Adminstration Panel recomnended against allowing the pharmaceutical company to market a treatment for congestive heart failure.

Toronto put in a firm performance at midsession after the unexpectedly small rise in US non-farm payroll numbers helped North American bond markets to retrace some of Thursday's losses. The TSE-300 composite index was 15.71 higher by noon at 5,182.90 in

volume of 37.3m shares. Interest rate-sensitive banks were heavily traded. Canadian Imperial Bank of Commerce rose 25 cents to C\$43.25, off an early 52 week high of C\$43.35. Bank of Nova Scotia and Royal Bank of Canada each picked up 5 cents, to C\$31.15 and C\$32.55

respectively. Among high-technology stocks Newbridge Networks was up C\$1.35 to C\$90.85.

#### Mexico loses early gain

Mexican stocks were among the leaders, picking up marginally weaker by midsession, having reversed early gains. The IPC index of the 37 leading stocks was down 1.08

was moving steadily lower as investors reacted to its acquisition of the Colombian cement groups, Cementos Diamante and Cementos Samper. Brokers said the three series of stocks had declined by between 2 and

3 per cent at midday. Telmex A shares were

at 3,161.43 by noon.

Volume was estimated at 9.7m shares as losers outpaced gains by 12 to 6.

Cemex, the cement company, tors were also cautious as the awaited a ruling by the Supreme Tribunal Federal on an injunction which has suspended the pension reform vote in Congress.

In BURNOS AIRES the Merval index had lost 2.80 to 557.68 by midday.

#### South Africa weakens

FT/S&P ACTUARIES WORLD INDICES

Johannesburg saw industrials suffer in the morning, while golds were unchanged in spite of a firmer price for bullion. Billivever, industrials recouped some of their losses during the afternoon following the

held in an effort to break the R2.75 to R125.

Goldman Sactus in conjus METERAL JANES REGIONAL MARKETS

release of the US employment data. Dealers said that rumours to R140, Anglo fell R6.50 to that a referendum could be R286 and SA Breweries shed

deadlock on constitutional talks and reports that interest rates might rise in the near future weighed on sentiment.
The overall index lost 65.1 to
6,927.2, as the industrial index shed 102.9 to 8,204.6 and the

Pound Sterling Index

gold index added 1.7 to 1,963.3. De Beers lost 50 cents

## Bourses cut their losses after earlier weakness

Bourses were moved again by US data, extending Thursday's negative reaction to GDP figures but cutting their losses later on jobs statistics and a recovery in the Dow.

PARIS, delayed at the start by technical problems, saw a session low of 2,090.23 before the CAC-40 index finished down 21.42 at 2,115.38.

Sanofi fell FFr12 at FFr408 as

Goldman Sachs downgraded the company from "market performer" to "moderate outperformer"; the broker said that this had been done on valuation grounds and "not through any change in our outlook on the group's fundamen-

Its pharmaceuticals team observed that the stock, up some 70 per cent over the la 12 months and by 55 per cent relative to the market as a whole, was looking expensive: its searnings per share esti-mates for 1996 were now FFr17.30 against a previous FFr17.50, for 1997 FFr19.80 against FFr20.40, and for 1998 FFr23.10 versus FFr23.70.

Valeo strengthened FFr4.20 to FFr287.20 amid continuing speculation that the auto components maker could become a takeover target if Cerus, the holding company, decided to sell its 28 per cent stake. Cerus made FFr1.95 to FFr99.45.

LVMH lost FFr38 to FFr1,289

FT-SE Actuaries Share Indices THE EUROPEAN SERIES 16.50 11.00 12.00 13.00 14.00 15.80 Cole FT-SE Eurotrack 100 1698.74 1887.90 1667.79 1667.83 1567.85 1667.91 1888.85 1668.01 FT-SE Eurotrack 200 1712.85 1719.26 1709.76 1711.52 1711.98 1714.11 1713.55 1710.18 May 2 May 1 Apr 30 Apr 29 1681-09 1685-58 1728-16 1721-09

WORLD STOCK MARKETS

on disappointing first quarter sales data; currency factors, notably weakness in the dollar and yen, contributed to the downturn.

Alcatel Alsthom, which said that it was planning to bundle its German activities into a

THE WEEK'S CHANGES -2.7 Amsterdam....

new company, firmed FFr1.80 to FFr488.30, and Credit Foncier de France remained sus-After the close of business the government confirmed

market speculation that the privatisation of AGF, the nsurer, would begin on Monday. The shares closed off FFr2.50 at FFr137. ZURICH focused on the phar-

maceuticals sector as the SMI index lost 24.6 to 3,611.2. and Sandoz was SFr12 lower at SFr1,318 after the EU confirmed plans to put the compa nies' planned merger through a detailed investigation. Analysts noted that the Ciba share price was still 22.6 per cent higher than on March 7, when

was 14.1 per cent ahead. Elsewhere in pharmaceuticals. Roche certificates fell SFr155 to SFr9,630 on profit-

the companies announced their

merger plan, and that Sandoz

A SPri6 fall in Swissair to SFr1.199 was attributed to expectations of further labour news that up to 1,700 jobs may

FRANKFURT dealers, initially, saw a fall to 2,400 in the Dax on a worst-case scenario some technical analysts said later that the key index could

However, bunds pared the worst of their losses in the afternoon, there was a rise in the Dow, and the Ibis-indicated Dax recovered to close with a token recovery of 6.94 to 2,472.43. Turnover stayed active, at DM9.3bn.

April's selective rotation continued, BMW rising DM11.95 to DM818 while Adidas was the big mover, the sportswear group falling DM5.05 to DM117.95; but this was a trading matter, said Mr Tim Wilson of Crédit Lyonnais in Frankfurt, noting that the stock had risen by more than

that on Thursday AMSTERDAM'S AEX index, which hit a low of 547.88, ended off 4.11 at 554.17.

Among the financials ABN Amro slipped 10 cents to Fi 90.40, but up from a session low of F188.30, after the group reaffirmed its targeted earn-ings per share growth rate of 7.5 per cent for the first half of

Elsewhere in the sector Aegon dropped Fl 1.20 to F1 81.70.

There was great interest in Van Leer, the packaging com-pany, which was making its debut on the market, closing at Fl 33.50. a premium to the offer price of F1 32.

Analysis said the company

had good prospects for earnings growth during the rest of ar and next.

Source: FT Edal

MILAN saw preliminary fig-ures showing that the budget deficit was larger than expected. The Comit index fell 7.55 to 658.46 while the real-time Mibtel index picked up from 10,461 to close 35 easier at

Telecom Italia added L28 to L3,263 after the company said that first quarter turnover grew by 6 per cent. Tim, however, was L53 lower at L3,369. Olivetti, strong in recent sessions, fell to a low of L964

before recovering to L989, up 1.2.6. Ina, the insurer lost 1.55 to L2,350 on renewed talk of the timing and terms of the

placement by the state of a new tranche, say traders. Italcementi, due to announce 1995 results after the market

ing speculation that the company might be preparing a merger with its aubsidiaries, Cementerie di Sardegna or Cementerie Siciliane, which were also suspended.

BUDAPEST hit a new high lifted by good first quarter results from Richter, the pharmaceuticals group. The Bux index finished 86.92, or 3.3 per cent higher at 2,724.86 92, spot share turnover rising from F1633.6m to F1689.4m.

Richter opened at Ft5,340, touched a high of Ft5,650 and closed at Ft5,625, up Ft475. Other stocks rose in sympathy: Egis, another drugs comp ny,rose Ft350 to Ft6,750 and the chemicals combine, Borsod-

chem. by Ft105 to Ft2.750. VIENNA eased by 1.8 per cent with selling pressure seen in Wienerberger, OMV and Flughafen Wien. The ATX index lost 14.49 to 1,107.82.

ISTANBUL retreated slightly following Thursday's 3.5 per cept rise. The composite index lost 533.52 or 1 per cent to 86,445.23 as turnover rose to TL7,930bn from TL6,140bn.

Written and edited by William

## Hong Kong leads region lower with 1.8 per cent fall

Wall Street's overnight fall provided a strong influence on regional markets in the sence of Tokyo, closed for the Golden Week holiday. HONG KONG lost 1.8 per cent as the US long bond yield jumped above 7 per cent overnight in response to Thursday's stronger than expected GDP figure in the US. The Hang Seng index lost 195.66 to 10,734.24 in turnover that improved to HK\$4.8bn from

Thursday's HK\$3.1bn. Losses were recorded across the board although brokers pointed to the sharpest losses in rate sensitive property issues and the backs.

Among key properties, Cheung Kong lost HK\$1 to HK\$53.50, Sun Hung Kai sank HK\$1.25 to HK\$72.25 and Henderson Lane gave up H\$1.50 top

Banks featured a HK\$2 fail in HSBC to HK113 while Hang

0.8 per cent, while Telmex L	THE WEEK'S CHA	MGES
shares were up 0.3 per cent. SAO PAULO was slightly		% Change
firmer at midday with inves-	Shanghal B	-3.6
tors keeping a watchful eye on	Bangkok Taipel	+1.6 +1.3
the movement of the US stock	Bombay	+0.6
market. The Bovespa index was up 31.80 at 51.492 by mid-	Singapore	
day. Dealers noted that inves-	Kuala Lumpur	+0.4 u/c
tors were also cautious as they	Seoul	u/c
awaited a ruling by the	Wellington	-0.4 -0.2
Supreme Tribunal Federal on	Sycholy	-0.2

HK Telecom dropped 35 cents to HK\$14.75 after news that merger talks between its parent, C & W and British Telecom had fallen through.

Hutchison gave up 40 cents to HK\$47 in spite of the latest in a series of moves by its chairman, Li Ka-Shing, to raise his sake in a series of small

incremental purchases.

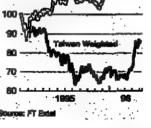
SYDNEY, too, followed the
Dow lower. Equities were weak
from the opening of the market and made only a brief recovery attempt in mid-morning before subsiding again after an earnings downgrade from the paper

US Dollar Index

Pound Sterting Index

Gross Div. Yeld

FT/S&F-A Pacific Be Thailand. TAIPEI ended well off its



index closed 24.0 lower at 2,299.0, off an intra-day low of

A stronger bullion price capped falls for the gold sector and some of the larger resource issues, notably WMC, finished well off their lows. Seng Bank lost HK\$2.25 to Dealers said that this was pects next week, and that a low turnover figures of A\$540.9m suggested that investors were reluctant to part with stock at yesterday's

> However, Amoor fell 38 cents to AX A\$8.80 after it said that it believed its 1995/96 results would be below those of the

> WELLINGTON was pulled off its lows, largely by a rally in Telecom which closed a cent higher at NZ\$6.25, after NZ\$6.15, as the NZSE-40 index fell 7.81 to 2,139.92.

Mr Mike Hare, at ANZ McCaughan, said that Telecom had seen some buying ahead of its imminent full year results. But Fletcher Challenge Paper shed 5 cents to NZ\$2.97 as newsprint prices continued to worsen; and, at a different level, the market reacted to had news from mid-cap stocks, the small companies index fall-ing 28.40 to 4.409.81. BANGKOK eased a mere

fraction in spite of Thursday's strong gain and falls on Wall Street and elsewhere, continued buying support leaving the and packaging combine, SET index just 0.64 down at Amcor. The All Ordinaries 1,318.59 in turnover of

Brokers said that investors were sidelined, waiting for first quarter results due by the end of the month, and ahead of Monday's market holiday in

est. But equities still staged a technical rebound in spite of the Chinese rebuff for Taiwan's suggestion that the two governments resume talks. After gains last Saturday and Monday, followed by three straight days of falls, the weighted index ended 49.74 higher at 6,131.45, off a high of 6,191.71. Turnover was heavy at T\$78.4bn.

MANULA projected lower April inflation figures and the ments and DBS each fell 20 composite index rose 19.56 to cents to S\$12.10 and S\$5.50

LIFFE EQUITY OPTIONS

2,975.56. The commercial, industrial and property sectors climbed while mining and oils SINGAPORE edged ahead in

quiet trade, with scattered buying of a few blue-chip index stocks paring earlier loss However, analysts noted that the broader market was bearish in the absence of fresh incentives. The Straits Times Industrials index was up 4.99

at 2,413.28, off the day's low at 2398.78 The foreign stock of the Development Bank of Singa-8\$17.30 and United Overseas Bank closed 20 cents down at S\$13.40 cents. City Develop-

ogies, the multimedia products maker, shed 40 cents to S\$9.60 shead of third quarter results, due after the market closed. Dealers said that they were expected to be marred by a large inventory write-off, reported in March.

SEOUL saw late demand for selective shares which left the composite index 4.15 higher 965.67, up from a low of 955.17. Shares affected by the country's widening trade deficit included Posco, down Won500 at Won59,000 and Hyundai

Motor, which lost Won400 to Won36,800, EDALA LUMPUR was weak on worries of further falls on Wall Street and the composite

RISES AND FALLS

index ended down 7.70 at

respectively. Creative Technol-Mechmar was down 10 cants to M\$5.50 after confirming market rumours that Hicom had divested its entire stake in the company. Hicom also fell 10 cents to M\$7.20.

BOMBAY closed lower on selling by local investors. squaring long positions, and on some profit-booking by foreign investors. The BSE-30 index

SHANGHAI's hard currency B shares were weak in a technical correction after heavy gains in recent sessions after The B index fell 0.475 to 51.538. SHENZHEN'U B shares were higher, still responding to the cut in bank lending rates. The

index put on 0.25 to 66.08.

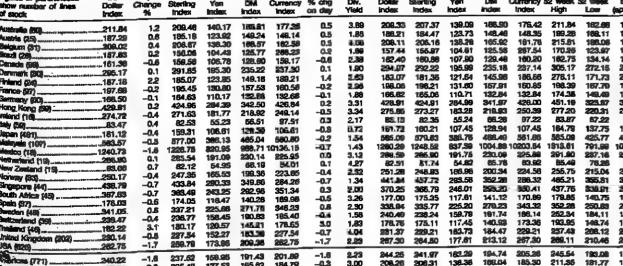
#### LONDON EQUITIES

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TRADEPORT INVESTMENT EXCHANGE Daily turnover for 09/05/98



The FT/SEP Actuaries World Indices are owned by FT-SE International Limited, Goldman, Seche & Co. and Standard & Poor's. The Indices are compiled by FT-SE International and Goldman Seche in conjunction with the Psculty of Actuaries and the Institute of Actuaries, NewWest Securities Ltd. was a co-founder of the Indices.

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295.48 292.72 198.33 236.59 254.94 286.69 III J

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-0.2 187.05 125.18 150.78
-0.8 207.32 136.74 187.09
-1.0 237.32 156.81 191.27 201.89 184.79 261.68 118.31 143.52 255.75 159.45 255.46 147.90 176.29 228.39 2.23 3.00 2.28 1.13 1.99 2.24 2.45 2.89 2.00 1.91 2.53 -1.6 -0.3 0.7 -0.6 -0.5 -1.7 0.0 0.2 -0.4 -1.0 Andricas (771) .. 240.22 207.84 Pacific Basin (832)
Suro-Pacific (1562)
North Avencias (725)
Burope Ez. LIK (516)
Pacific Ex. Japan (851)
World Ex. LIK (2166)
World Ex. Lik (2166)
World Ex. Japan (1887) 188.12 256.44 190.43 296.56 

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OPHISTRIBUTET CHANGE WITH EFFECT FAMILE Colution DET 6.PG, Lutters prices were unregisted for the part of the control.

#### **LONDON STOCK EXCHANGE: Dealings**

Datails of business done shown below have been taken with consent from lest Thursday's Stock Exchange Official List and should not be reproduced without permiss Details relate to those securities not included in the FT Share information

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and low

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given

# Bargains at special prices. • Bargains done the previous day.

Yorkshire Electricity Group PLC 85/16 Bids 2005(9/4Vat) - 5985<sub>8</sub> (304,966) Abbey National Tressury Servs PLC PTE3,650ra 1.576 Ntg 6/11/96 - PE98.42

Abbey National Treasury Sens PLC ESC5000m FRN 12/9/97 - PER1.1 (30Ac05)

Dibey National Transury Servis PLC PTE2500m of the 6/10/07 - PDI LSG

CSApero) Obby Netional Treesury Servs PLC Y500m 0.5% Nas S/10/96 - Y97.45 (30Ap86)

5,75% Nts 24/10/2000 - DM101.77

Dec inst 11/12/87 - PSS (

Swissen(Kingdow of) \$6200m 8% Debt Framments 12/3/2000 - \$6107.00

Toyota Motor Credit Corporation \$250m 7.75% Nts 19/12/97 - \$10214 (1My96)

Sterling Issues by Overseas

Blank of Greece 10% 6 En Six 2010(Fleg) -

C1054 Barbados (Government of) 131/2% Ln Silt 2015(Reg) - E116 (26App6) Demrarit(Angolaus of) 13% Ln Sit 2005 -E1304 (26App6) European Investment Bank 9% Ln Sit 2001 Reget - E116 Re

orat Barak 9<sup>1</sup>2 % Ln Sak

and Blank 103,44 Lin Sile

Borrowers

2009 - 2108-8

E114

CILINGS

orteredit AB PT1000m 1,00%

British Funds, etc Treesury 13-26 Stk 2000/03 - £12212 Corporation and County

Stocks Birmingham District Council 11<sup>1</sup>2<sup>1</sup>% Red Sitt 2012 - C122 (254p86) Dudley Metropolitan Borough Council?\*s Lin So. 2019 (Regg(F/P) - £81.4 Lacester City Council 7% Ln Str 2019[Regg 9 (116)96) 1 (City of) 7% Ln. Stk. 2018(Reg) - 1282% Satisford (City of) 8<sup>1</sup>4% Ln Stk 2027/31(Reg Int Cent.P/Pd) - C32.15

Foreign Stocks, Bonds, etc-(coupons payable in London) Abbey National Treasury Servs PLC 912% Grd Bds 2003 (Br 5 Var - 587% (RINGS))
Abbey National Treasury Servs PLC 7:50% Grd Bds 2003 (Br 5 Var) - 587% (RINGS)
Abbey National Treasury Servs PLC 7:50% Grd Ms; 1998(BKC Vary) - 5210.76 Abbey National Treasury Servs PLC 8% Grd Bds 2003 (Br 5 Var) - 529% (RAPAS)
Arryll Group PLC 81% Bds 2000(Br 5 Var) - 5101.2 (Sapple Service)
ASDA Group PLC 91% Bds 2000(Br 5 Var) - 5108/g BAA PLC 51% Crn Bds 2000 (Br 5500085000) - 5108 BAA PLC 51% Crn Bds 2000 (Brg Abbut E) - 5109 .05 %

BP America inc 8 4 % Gid Nas 1989 (Br 3A1000(110000) - 3A101 1 Berclays Benk PLC 7.875% Undated Subard

Nas (Br.C. Var) - CSS-1, Berciaya, Banis PLC 99; Perm Int Benning Capital Box(Br.C. Var) - DS2-1, (2014;09); Paulinot & Brighey Building Society(Calumol Programms 2003(Reg Multic 1000) - DS8 95/4 (294;05); Brists Arraya PLC 10/4 Bds 1998(Br.C.1000810000) - £105 1 8/11(br. Cas PLC 7-1/4 Bds 2000 (Br.C. Var) -£100 (264;06); British Cass PLC 8/14/4 Bds 2003 (Br.C. Var) -DS9/12 (294;06) Milah Gas MLC 84% Bus 2006 (Br & Var) -1991; C9Ap96) British Gas PLC 87; % Bus 2005 (Br & Var) -

British Telecommunications PLC 71/1/6 Bids 2003 (8t £ Ver) - 294.3© Intish Telecommunications 2003 (BF S Var) - 1294 34 Pritish Telecommunicabons PLC B<sup>2</sup>11<sup>4</sup>6 Bde 2020(GFEVara) - 12854 (1My98) Bupa Finance PLC 70<sup>1</sup>2<sup>1</sup>6 Subord Gld Elds 2018 (Br £ Var) - 29% sobord Go lass 2018 (Br £ Var) - 29% sobord Go lass 2018 (Br £ Var) - 29% sobord Go lass Cap Bds 2006 (Flag £1000) - £169% Chehenham & Gloucester PLC 11% Perp. Subord Bds (Flag £5000) - £121% Perp. Subord Bds (Flag £5000) - £121% Disons Group (Captal) PLC 6% of Crv God Bds 2002 (8/2500085000) - £131%

Duores Group Finance PLC 74,46 Gld Bde 2001 - £96 1 (26Ap86) Dhors Group Treasury P.C 74 % Gid Bds 2004(BrCvartous) - 594-224 .34 Dow Chemical Co Zero Cpn Nts 30/5/ #790/510009 1000(0) - 103.55

LSM 3607¢

Bi Enterprise Finance PLC Birtle Gat Excit data 2006 (Reg CS000) - E10314 (23Acpts)
Porte PLC 98/96 Bids 2005 (Br E Var) - E102/2 (1My96)
Gisso William E102/2 (1My96) itaxo Weltcome PLC 6.1254 Nas 2006 (BrS Var) - \$82.26 (1My96) itxx Weltcome PLC 81/16 Bds 2005(BrE

Glero Wellcome PLC 7-Vars) - £100 ¼ % Guinness PLC 7-1/96 Nts 1997 (Br £ Var) -Olimess PLC 7779 143 1757 par 2 va E101 (30Ap96) Matex Bullong Society FFRN 1999(Br£10000&10000) - £100.095ф

on PLC 9124i Cnv Subord 2008 (Br Harson PLC 9134 Criv Subord 2008 (Br EVar) - 6997, 100 (1My96) Hydro-Guebec 914 to Debs SersikiD 6/7/ 99(845C var) - EC10914 (2004)99 International Bank for Rer 8 Dev 1014/96 Nits 1896 (SASSIGN) - E107.55 (1My95) Japan Artines Co Ld 71/25 (Mr 95) Japan Artines Co Ld 71/25 (Std 96) 1995 (BrFF100008100000) - FF100 (25Ap6) Japan Development Bank 73/2% (Std Na 2003 (9r): Var) - 1996/1 Japan Fin Corp for Municipal Ent. 61/2% (Std Bas 2006RH 15340000 (100000) - 204.4

(20Appe) ibe (City of 6-11% Gld Bds 2000(Br\$6000) -\$86.35 (300/950) Leithrick Group Finance, Jerseyl Ld 9% Criv Cap Bds 2005 (8/250008100000) - 198<sup>5</sup>2 (1My96) Land Securities PLC 9<sup>1</sup>2% Bds 2007(8/21000810000) - 1103<sup>5</sup>8 <sup>7</sup>8 (1My96) 171008 PLC 9<sup>3</sup>2 % Bds 121000810000) - C103<sup>5</sup>8 **%** (1My95)

Land Securities PLC 64/9 CM Bds

PM0258-C1000; - C100 IZSACSSS

Land Securities PLC 94/94 CM Bds 2004
(BcC5000450000) - C1104 (114/99)
Lloyds Bank PLC 77/94 Subord Bds
2004867Varous) - C32.65 31/4 (804006)
Lloyds Bank PLC 85/94 Subord Bds 2023 (6 C Var) - C107/94 (804006)
Lloyds Bank PLC 85/94 Subord Bds 2023 (6 C Var) - C107/94 (804006)
Lloyds TSB Group PLC 81/24 Subord Bds
200667-Var - E37/1/4
London Exchance PLC 84/8 Bds 2003 (8) C 2006/Br(1000,5000,100000) - 1008.875

National Westmirster Bank PLC 11246 Und-Subhis E1000(Chv to Priffleg - E1094) ational Westminster Bank PLC 11<sup>1</sup>2% Und-SubNts £1000(Cnv to Pri)8r - £108%

Nontrey (Kingdom on 74% Nts 1997 (Sr \$500\$100000) - \$101.2 (30Ap86)

Prodemble France BY 95% Glo BOS 2007 (9450006100000) - 5104% RWC Caphal Ld 6% 6 Crv Cap Bds 2008 (Br 55000600000 - 5136 (954p46) RTZ Canada Inc 74% Gld Bds 1988(9550008100000) - 5100 (14y86) Rank Organization Co 6% 6 Bds 2000 (Br 2 Var) - 5102.35 (254p86) Rediand Capital PLC 74% Crv Bds 2002(9510086) 10000) - 838 2004(96)

Precious Capter H.C. 7/4% CM Peter 2002/95/C10006 (10007) - 1206 (2004/96) Robert Perning Intl Finance Ld 814% Perp Subord Glid Nits (Br E Ver) - 12654 (294):956 Rothschald Continuation Fin(C.III.05% Perp Subord Glid Nits (BrEVarious) - 12651 (294):966 Sainsburylis PLC 8.25% Nits 2000(Birl: Varial -1100/14%

Sensbury(3) PLC 81/2% Bds 1996 ffly ESONOM 10000001 - \$1000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 |

amancor Overseas Financing Co Ld 7% Gtd Criv Bds 2004/Br\$5000810000; -

\$101\*2 Scottish Amiliable Finance PLC 8.5% Undared Subord Gtd Bds (Br2Var) - 136% SEEBOARD PLC 812% Bds 2005(8r 2 Var) -

\$110\(^1 (29A)66)\$
Thames Water PLC 8\(^1 2 \) ChySubordBas
2006(BrCS000850000) - \$132\(^1 4 \)
Themes Water Utilities Finance PLC 10\(^1 2 \)

238 40 Bass PLC 10<sup>1</sup>g/h Deb Sit 2016 - £114.6 Bass PLC 7<sup>1</sup>g/h Uris Ln Sit 92/97 - 1100 Bass investments PLC 7<sup>1</sup>g/h Uris Ln Sit 92/ 97 - £97‡ (264p86) Gra Bals 2001 - £110,7 United Kingdom 7<sup>1</sup>4% Bals 2002(Ballstar) -FT-SE ACTUARIES INDICES

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NK111 2984
Birmingham Midshires Building Soc 9<sup>1</sup>296
Perm Int Bearing She \$1000 - 939<sup>1</sup>4 100<sup>1</sup>4
Blue Circle Industries PLC ADR (1:1) - \$548
Boots Co PLC ADR (2:1) - \$19.06 (29Ap88)
Britishord & Bingley Building Society 11<sup>1</sup>6 16
Perm Int Bearing She \$10000 - \$118.96 8
Bradford & Bingley Building Society 13<sup>1</sup>6
Perm Int Bearing She \$10000 - \$134<sup>3</sup>6 12
(1My85)
Bradford Property Timet PLC 10<sup>1</sup>2% Cum Pri
\$1 - 117

Bergesen d-y AS "8" Non Vig Sits NK2.5 -NK111.23684

ent Walker Group PLC Wits to Sub for Ord - 01<sub>4</sub> 1 (1My99) 9rent Walter Group PLC Var Rite 2nd Criv Red Pri 2000/2007 21 - 51<sub>4</sub> 61<sub>2</sub> 8 91<sub>2</sub>

(29Ap96) Srant Walker Group PLC 8.516 3rd Non-Cum Cnv Red 2007/10 £1 - 3 Bridon PLC 734% Uns Ln St. 2002/07 -290% (1My98) Bristol Water PLC 8%% Cum lett Pri 21 -

11114 (1My96) histor Waser Hidgs PLC Ord £1 - 12.66 12% 13 Bretot Weter Hidge PLC 6,75% Cum Cnv Hed Pri 1898 She S1 - 190 (1My96) Bristot & Weet Building Society 13-4% Perm Int Bearing She S1000 - S136-4 1<sub>2</sub> 71<sub>2</sub> 81<sub>4</sub> Britannia Building Society 1316 Perm Int Bearles She S1000 - 6193-6 4 3 Britainis Building Society 13% Perm Int Beering Shs £1000 - £133 i 4 is Bridsh Arways PLC ADR (10:1) - \$78.55 .81

0.5% Nas 9/10/96 - Y97.45 S0Ap86) BerqueFrancales DMCommenceExter-iour9c30m 8.625% Nas 7/7/86 - SC103L45 Deutsche Plandbrid-Und Hypo AG \$200m 6.125% Deuts inst 9/4/89 - S69/5 S0Ap886 Entrige Beheir Nicktorland B.V. NLG250m 8.75% Nas 1887/2001 - NG10512 105.6 Export Development Corp \$500m 61/8 B Export Development Corp \$500m 61/8 B British Fittings Group PLG 5.5% Cnv Red Prf British Land Co PLG 6% Subsero and Cry Bids(Reg) - £94 Entish Land Co PLC 115/4 First Mtg Deb Str. 2019/24 C130 Dilacilla British Petroleum Co PLC 876 Cum 1st Pri E1

Towns 1 585 5 Bougets
Finner Export Cerebi Let PTE1400m 1% Nils
7/4/97 - PE94/2 (294;96)
PintendiRepublic oft 2900m 7% Bits 29/10/
2000 - 197 (1My96)
Halfes Building Society E150m 7% Nils 14/
4/2000 - 100.89 % d
Landwinschaffliche Rentenbank DNG00m
5 756 486 246 2470/2000 - DMG10 -90 1 (1My95) Intish Petroleum Co PLC 996 Cum 2nd Pri C1 - 97 (1My95) Intish Steel PLC ADR (10:1) - E20.0133 20.0867 \$ 29.98 .999 30% <sup>1</sup>/<sub>8</sub> British Steel PLC 11<sup>1</sup>/<sub>2</sub>% Deb Stk 2016 -£122% (29Ap86) British Sugar PLC 10<sup>1</sup>/<sub>4</sub>% Red Deb Stk 2013 -£1164 (29Ap86) LESASIS)
NECIONAI Financient S.N.C P280m 17% Nts-26/2/99 - P67% (30Ap66)
National Westminder Bank PLC Y800m L.70% Nts 43/90 - YSL1 (30Ap66) 16% (29Apse) | Estate PLC 9.80% 1st Mig Deb Stk Brixton Estate P 2026 - £1024

ate PLC 105 % 1st Mig Deb Sik Britton Estate PLC 10% % 1st Mitg Deb Sik 2012 - 11144 (28Apolit)
Britton Estate PLC 1114% 1st Mitg Deb Sik 2023 - 11194 high 1st Mitg Deb Sik 2023 - 11194 high 1st Mitg Deb Sik 2018 - 1127% high 1st Mitg Deb Sik 2018 - 1127% high PLC 14.8p (Net) Crw Cum Red Pri 20p - 57
Butmer67 P, Medge PLC 84% 2nd Cum Pri 11 - 113 12 (1My96)
Burmen Castrol PLC 61% Cum Pri PT 11 - 113 12 (1My96)
Burmen Castrol PLC 714% Cum Pri PT 11 - 17 (1My96)
Burmen Castrol PLC 714% Cum Pri PT 11 - 17 (1My96) Noradeutsche Landespenk@rozentraleY10 0.88% Debt Inst 27/8/98 - Y97.96 (30Apl 9ara Lee Corporation \$100m 6% Nts 27/11 96 - 599.1 weden(Kingdom of) £200m 6<sup>2</sup>4 % Debt Inst. 1989 - £36.58 .6 (30Ap96) 1989 - 198.58 .6 (30Ap96) wraden(Kingdom of) \$500m 5.75% Debt Irut 20/2/2001 - \$96<sup>1</sup>2 96.55 (29Ap96) Burmah Castrol PLC 8% Cum Prt £1 - 88

(14466) Burndere Investments PLC 15% Uns Ln S6-2007/12 - 1126 (26468) Burton Group PLC 8% Lins Ln S6. 1996/ 2001 - 15814 Butte Mining PLC 10% Red Cnv Cum Red Pri 1994 10p - 315 (264686) CRM PLC 7% "A" Cum PH 621 - 60172 (264686)

(23A-086)
Coffyrs PLC 10% Cum Pri S1 - 118
Copies & Courties PLC 7% % 1st Mig Deb
Six 2027 - 5106% (1My86)
Copies & Courties PLC 114/% 1st Mig Deb
Six 2021 - 5120/4 (1My86)
Curtan Communications PLC ADR (5:1) - \$35 Carter Communications PLC ADR (5:1) - \$35 (114)-93 (Cartion Communications PLC 7<sup>1</sup><sub>2</sub>% Chy Subord Bids 2007/Pleg 25000) - C168<sup>1</sup><sub>3</sub>.87 (2899) in Catispian inc Sha of Com 36:81 - \$64 (72050) (Camptine PLC 9.5% Subord Chy Una Lin 86: 2000/01 - 295 6 100 (114)-95 (Com 36: \$0.33 1/ 3 - \$36<sup>2</sup><sub>3</sub> (114)-95 (Com 36: \$0.33 1/ 3 - \$36<sup>2</sup><sub>3</sub> (114)-95 (Camptine PLC 4<sup>1</sup><sub>2</sub>% Una Lin Six 2002/07 - 259 (114)-96 (Camptine PLC 4<sup>1</sup><sub>2</sub>% Una Lin Six 2002/07 - \$59 (114)-96 (Camptine PLC 4<sup>1</sup><sub>2</sub>% Una Lin Six 2002/07 - \$59 (114)-96 (Camptine PLC 4<sup>1</sup><sub>2</sub>% Una Lin Six 2002/07 - \$59 (114)-96 (Camptine PLC 4<sup>1</sup><sub>2</sub>% Una Lin Six 2002/07 - \$59 (114)-96 (Camptine PLC 4<sup>1</sup><sub>2</sub>% (Camptin

uropean investment american 2004(Reg) - 2113<sup>1</sup>g 2004(Reg) - 2113<sup>1</sup>g 2004(Reg) - 2113<sup>1</sup>g 2002(Fleg) - E114.45 (1My98) 2002(Fleg) - E114.45 (1My98) Inco Ld 15 4 % U.S. 2008(With & Option)(Br) 12743-9 (2040401 International Bank for Rec & Dev 11.5% Ln 5th 2003 • £319.067 - 109 (1M/96) Coals Patons PLC 64,% Line Ln Sik 2002/07 - 1286 reland 1212% Ln Stk 2006(Fleg) - £129% Maleysia 10-k% Lin Sak 2009(Reg) - £113-k (29Ap96) Conts Viyela PLC 4.9% Cum Pri 21 - 86 (1M/96) 11My98]

Commercial Union PLC 95/4 Cum ind Pri S1 - 104/2 5/4 12 4/4

Commercial Union PLC 95/4 Cum ind Pri S1 - 104/2 5/4 12 4/4

Co-Operative Baris PLC 92/5% Non-Cum and Pri S1 - 106/4/4 7

Cooper Frederick PLC 92/5% Non-Cum and Pri S1 - 106/4/4 7

Cooper Frederick PLC 92/5% Non-Cum and Pri S1 - 106/4/4 7

Cooper Frederick PLC 92/5% Non-Cum and Pri S1 - 106/4/4 7

Cooper Frederick PLC 92/5% Non-Cum and Pri S1 - 106/4/4 7

Cooper Frederick PLC 93/5% Non-Cum and PLC 94/5% Union S1 (29/4)99

Conduct PLC 94/6 Cm Union S6/2015 - 207

Couply lide Clasting Pure 14/4 (20/4) New Zentand 11 4% 8th 2008(Reg) - 2119 4 os Merecanos 14<sup>1</sup>3% Ln Stk 2006 -Pipe Line Bds 2007 - £147 Listed Companies(excluding

Investment Trusts) APF investments PLC 512% Une Ln Six 877
2002 Sop - 42 G0ApSig
ABF investments PLC 712% Une Ln Six 877
2002 Six - 48 B0Apsig
ABF (anter Finance) Une 100g - 586
ABF (anter Finance) Une 100g - 586
ASH Capital Finance) Une 100g - 586
ASH Capital Finance) Une 100g - 586
ASH Capital Finance) United 912% Cnv
Cap Bds 2006 (Br that 100g - 586
ASH Capital Finance) United 912% Cnv
Cap Bds 2006 (Br that) - 586
ASH Capital Finance) United 912% Cnv
Cap Bds 2006 (Br that) - 586
ASH Capital Finance) - 586
Abbott Group PLC 71g% Cum Cnv Red Ptf E1 - 86 (26ApSig)
Aberdeen Trust PLC Wile to sub for Ord - 90 Couranded Cooting Brassle Ltd 71/2% Cum
Pri 8tk £1 - 76 (25Ap96)
Coverncy Building Society 121/2% Permi interest Bearing Sins £1000 - £125/4 6.078 1/2 1/2 7
Craig & Rose PLC 5% Cum Pri Sitk £1 - 541/2 (S0Ap98)
Dely Mail & General Trass PLC Ord 50p - £16/8 17 17/4775 (144/98)
Dally Farm International Holgs Ld Ord 50.05(Jersey Register) - £0.52
Dally Early PLC 4.85% Cum Pri £1 - 721/2
Dame Estress PLC 19/4 has lang Ord 5tk 2012 - 158 [144/98]
Date Estress PLC 19/4 has lang Ord 5tk 2012 - 158 [144/98]

Trust PLC Wise to sub for Ord - 90 eri Trust PLC A Was to Sub for Ord on Group PLC 6,25p (Net) Criv Cum Red. Deberhams PLC 7%% Uns Ln Stk 2002/07 -Pri 10p - 84 5 6 Allied Domecq PLC ADR (1:1) - \$7.82 £94<sup>1</sup>2 (1My96) Delta PLC 4.2% Cum 1st Prf £1 - 65 (1My96) Dencora PLC 6.26% Cum Cov Red Prf £1 -(1My95) Allied Domecq PLC \$12% Cum Prf £1 - 62 PUC 113/16 Deb 5tk 2009 -Alled Domeog PLC Signs Uns Ln Str - 1985 Alled Domeog PLC Signs Uns Ln Str - 1985 Alled Domeog PLC Signs Uns Ln Str - 1986

Development Secs (Inwestments) PLC 11: 1st Mtg Deb Sti. 2016 - ESI (26Ap98) Dewhurst PLC Ord 10p - 93 (1My96) Dawtin Group PLC AOR (21) - E22-A (1My96) Alled Domeco PLG 644% Unu Ln 8th - 288 Dover Corp Com Six \$1 - \$51½ (1MySQ) Indian; Interreposat Stra Corn Str. of NEV Alled Domeco PLC 64.94 Uns Ln Sti. - 288 11MyS6;
Alled Domeco PLC 74.94 Uns Ln Sti. 93/98 - 12842 (304.998)
Alled Domeco Firancial Serva PLC 64.96
GtdCm/SubordBdsc008 RegMuti21000 - 2100.7 % 1 (304.988)
Alled Domeco Firancial Serva PLC 64.96
GtdCm/SubordBdsc008 RegMuti21000 - 2100.7 % 1 (304.988)
Alled Domeco Firancial Serva PLC 64.96
Gtd Cnv Subord Bds. 2006(87 £ Var) - 2374;
Alled London Properses PLC 104.96 1st Mtg
Deb Sti. 2025 - £11442 £54.968)
Alled London Properses PLC 94.96 1st Mtg
Deb Sti. 86/2001 - £100(2 ½ (1MySe)
Alled London Properses PLC 94.96 1st Mtg
Deb Sti. 86/2001 - £100(2 ½ (1MySe)
Alled London Properses PLC 94.96 1st Mtg
Deb Sti. 5596 Crv Cum Non-Vtg Red Pt/
£1 - 684 66
Almorcan Brands inc Stic Com Sti S3.125 - 541½
Aminex PLC Ord 120.85 - 52½
Aminex PLC Ord 120.85 - 52½
American Material Stick Medicul stices Inc. \$16<sup>1</sup><sub>8</sub>¢ Bidos PLC Ord 10p - 830 5 7 <sup>1</sup><sub>2</sub> 8 40 2 50 2 Bidridge.Pope & Co PLC 67:96 and Uns Ln

Six - 267/2 (1M/95) Six Holyange & Co PLC 7/2% (mit Une Ln Six - 199/2¢ Elliota(E.) PLC 3.15% Red Gum Pri(2000)C1 -7 (1M/95) Emess PLC 6.25p(Ney Cre Cum Red Pri Sp - 74/2 7 8 Emplet China Clare PLC ADR St(1) - \$13.86 74½ 7 8
Errigisch Crina Clave PLC ADR (8:1) - \$13.8¢
Errische Off PLC 11½% Uns Ln Sik 2016 £119.305.355 £98.680
Erksson (LM (1) deltonsidiabolingst)Ord SK2.5
Ser Br (Reg.) - £14½ 14½ 5.20%
20.78 £1 S€140.9 1 ½ 5.6 44.54 % 25.
.95 ₹ 2 0.65 ¼ 4.7 ½ ½ 5.6 % 3.3.1.15.16

Anglan Water PLC Start Indox-Linked Lin Six 2006/6.476%) - 2129 14 Anglovani Ld N Oled P0,0001 - 22214 31<sub>8</sub> 25App39 Asda Property Hidga PLC 9.125% 1st Milg Dab Six 2020 - 23714 11My89 Asda Property Hidga PLC 10 5:16% 1st Milg Dab Six 2011 - 210614, 25App38 Automated Seazuniyi-14dga PLC 5% Cire Cum Red Prf C1 - 53 (30App38) Automated Seazuniyi-14dga PLC 6% Cire Cum Red Prf C1 - 54 (30App38) Automated Seazuniyi-14dga PLC 6% Cire Cum Red Prf C1 - 54 (30App38) Automated Seazuniyi-14dga PLC 6% Cire Cum Red Prf C1 - 54 (30App38) Burn Denny S.C.A. Sho FRS (Depository Receipts) - 194 5 200 2

Euro Disney S.C.A. Sho FRS (pr) - FR18.0184
- IS3.0375.05 2 2 ½

Europered PLO/Euroburnet MA Units
(Sucream Insulher) - FRS.85 372 9 9

Fation Holdings PLC Ord Sp - 122 (1My98)
First National Building Society 11 4:96 Perm Int Bearing Sho 510000 - 5:1164 3

Firth Risson PLC 51.0596 Cum Prf E1 - 117
Fistors PLC 55 94 Units Lin St. 2004/09 - 27812 (1My98)
Fistors PLC 55 94 Units Lin St. 2004/09 - 27812 (1My98)
Fistors PLC 56 94 Units Lin St. 2004/09 - 27812 (1My98) PROVIDED PLC 9/2% Cure Pri PET - 920.82 PSC-956 Here Group PLC 10% Cure Pri £1 - 110 Folkes Group PLC Ord 59 - 56 70 Frondly Hotels PLC 47e% Crw Cure Red Pri £1 - 89

88 (1My96) BA.T Industries PLC ADR (2:1) - \$15<sup>1</sup>4 .38 .4 43,45,48 BET PLC ADR (4:1) - \$13½ φ BLP Group PLC Bp (Net) Cπv Cum Red Prf 1.1 - 89
Finendly Hotels PLC 5% Cmr Cum Red Prf £1
- 118 (26Ap86)
Frendly Hotels PLC 7% Cmr Cum Red Prf £1
- 99 (11My98) 10p - 52 (30Ap95) BOC Group PLC ADR (1:1) - \$13 88 (30Ap96) BOC Group PLC 4-55% Curn Pri \$1 - 68 - 99 (1My96)
Frommer Estates PLC 13.8696 1st Mity Deb St. 2000/03 - 2119[] \$\frac{1}{2} (1My96)
GN Great Nordin Ld She DK100 - DK510\(\phi\)
2.41\(\phi\) (1My96) BOC Group Pt.C 3.5% Cum 2nd Prf E1 - 51 (1)4-661 BOC Group PLC 124% Uns Ln Stk 2012/17 - £126% (30Ac96) BTP PLC 7.5p(Net) Cnv Cum Red Pri 10p -G.R.(Hogs) PLC 10<sup>5</sup>2% 2nd Cum Pri £1 - 79 BTP PLC ramps 179 (SAGS6) BTR PLC ADR (4:1) - \$19.63 (1My96) RTW Endowment Fund Ld Redeemable Ons G.T. Chie Growth Fund Ld Old 80.01 - \$40 1 General Academ PLC 77 Cum lind Prf S1 - 97 % 812 % - 128 y(C.H.) PLC "B" Ond 10p - 25 (30Ap86) hok investments Ld Ptg Red Pri 80.01 -

General Accordent PUC 7% Curm land PM 51

- 97% 812 %
General Accordent PUC 7% Curm land PM 51

- 113% 1/4 4 1/4
General Becthic Co PUC ADR (1:1) - 55.48
Gibbs 8 Dancty PUC Ord 10p - 85 9 (1My68)
Grass Portland Estates PUC 9.5% 1st Mg
Doe Dar 2016 8 - 105
Gree Universal Scores PUC 5% 18 Adg
Green Universal Scores PUC 5% 18 Ped Uni
Ln Sch. - 560 GOAP08)
Greenalis Group PUC 1012% Deb Stk 2017 L1131/2 (29Ac96)
Greenalis Group PUC 1012% Deb Stk 2014 C123.7 4 (29Ac96)
Greenalis Group PUC 91/2% Intel Unis Ln Stk L1531/2 (29Ac96)
Greenalis Group PUC 91/2% Intel Unis Ln Stk L1531/2 (29Ac96)
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Greenalis Group PUC 91/2% Intel Unis Ln Stk L1571/2 (25Ac96)
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Greenalis Group PUC 91/2% Intel Unis Ln Stk L1571/2 (25Ac96) BalleyrC.H.) PLC "B" Ond 10p - 25 CNA686 Bangkol Investments Lid Pig Red Prf S0.01 C1.29 (SIAACRS) Barver Homes Group PLC Ord 10p - 74 (SIAACRS) Barcleys Burth PLC 12% Uns Cap Lin Six 2010 - E1224 Barcleys Barth PLC 18% Uns Cap Lin Six 2002/07 - E137.8 Barcleys Barth PLC 18% Uns Cap Lin Six 2002/07 - E137.8 Barcley Group BLC 7.25cn Med. Cry. Beet Brit Barcley Group BLC 7.25cn Med. Cry. Beet Brit on Group PLC 7.25p (Net) Criv Red Pri o - 96 (1My96) on Group PLC 3.85% Cum Prf £1 - 45 Bardon Group PLC 11.25p Cum Red Pri 2005 10p - 115 Stignato Exploration Ld Qrd P0 01 - 160 Berr & Wattoon Amoid Trust PLG Ord 25p -

ra PLC 11% Cum Pri £1 ~ 130 (10Apet)

Hardys & Hansons PLC Ord 5p - 309 Hardys & Hansons PLC 696 2nd Cum Pri £1 - 67 (284,089)
Hastero Inc She of Com Sit S0.50 - \$37,2575
Hasternere Estates PLC 10<sup>1</sup>4,% 1st Artg Deb Sit, 98/2003 - \$104<sup>1</sup>2, % (144,989)
Hertzales Inc She of Com Bilk of NPV - 860<sup>1</sup>8 (304,089)
Haltsown Hidge PLC ADR(61) - \$11.68
(1144,989) Home Housing Association Ld 83,1% Gtd Ln 96: 2037 - 397,5 Hong Kong Land Hidgs Ld Ord \$0.10 (Jersey Reg) - \$1.31 Housing Finance Corporation Ld 5% Deb St. IS Himplayan Fund NV Ord FLCLO1 - \$15<sup>1</sup>0 Iceland Group PLC Criv Cum Red Pri 20p pta Group PLC Was to Sub for Org - 8

ripaci nital Control Services (Inp PLOOms 10p -

Math Life PLC Ord M00.10 - 2.55 p 2641<sub>2</sub> 5 5 JF Redgeling Japan Ld Warrants to sub for Ord - 34 ½ 5

Ord - 34 ½ 5
Lardine Matheson Hidgs Ld Ord 80:25 (Jersey Register - ES (284;68)
Johnson Group Clemers PLC 7:5p (Net) Criv
Cum Red Pri 10p - 143
Julys Hotel Group PLC Ord #50:25 - 250 80
Kingfisher PLC ADR (2:1) - \$17,86 (304;96)
Rignet-Europe Fund Ld 9HS(80R to 84) 50,10
(Om 8) - \$456252 468752
Registrer ASA A She NK12:50 - NK284 2:38
27:5 8:21 8.8 J7 5 6 21 9.6 ke Group PLC ADFI [1:1] - \$2.89 2.93 (1My96) Land Securities PLC 9% 1st Milg Deb 8% 96/ 2001 - \$100 REMARKS Lazard Securities Trust Ls Pig Reg Pt 0.10 LLK. Active Fund - \$17.78 17.81

(25Apps) Lazard Select Investment Trust Ld Ptg Red. Prf 0.1p U.K. Liquid Assets Fund - £10 ubowa Piatioum Mines Le Ord PO.01 · 57 Labowa Pigificum Mines Ld Old PRUR) - 57
Landis & Holback Buliding Socialty 133-96
Perm Int Bearing Shs \$1000 - \$139-40
Lands(John)Parmership PEC 5% Cum Pri St.
\$1 - 52 (25Ap36)
Liberty PEC 8% Cum Pri \$1 - 6772 (1My86)
Liberty PEC Bris Cum Pri \$1 - 6772 (1My86)
Liberty PEC Gray Cum Pri \$1 - 6772 (1My86)
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Liberty PEC Gray Cum Pri \$1 - 6772 (1My86)

London International Group PLC ADR (6:1) -\$10.69 (1M)/96) Lomito PLC ADR (1.1) - \$2.84 (1M)/96) Lomito PLC 10<sup>1</sup>a\* 6 1st Mig Deb 56: \$7/2022 - \$1/32 (26Ap86) - £1031<sub>2</sub> (26Ap96) Lookers PLC 876 Cov Cust Red Pd £1 - 87 CONTROL COM PH SELECT | SE (29Appen) MEPC PLC 10-4% lat king Data Silv 2024 -E117.40 MEPC PLC 12% 1st Mig Deb Sts. 2017 -

\$1283<sub>0</sub> (1My98) MEPC PLC 870 Um Let 300 2000/05 + URY 3 MEPC PLC 1012 % Uns Ln St. 2032 - £1104 (30Aps6) McCarthy & Stone PLC 8.75% Cum Red Pri 2003 £1 - 93<sup>1</sup>4 2003 E1 - 93 4
McCharty & Storie PLC 7% One Una Ln St.
March - LTS RE CSARDIS
March Streets PLC 119 % Data St. 2010
- E120 L 12 293 C59
March & Spencer PLC ADR (E1) - \$40.37
(IM)96)
Marchals PLC 11 5 Data St. 2014 - E716 7
74 (1M)96)
Marchals PLC 17 5 Data St. 2014 - E716 7
Marchals PLC 470 (44) 1M/S6) 8 PLC ADR (4:1) - S15<sup>1</sup>g\$ 7 Docks & Harbour Co 3<sup>5</sup>g% ind Dab

Mid Kert Water PLG 5% Peep Deb 8th -£55% (1My95) Mildero Bank PLC 1496 Subord Une En Site 8002/07 - E129L18 Milet Corporation Com She of NPV - £4,55¢ More O'Ferrall PLC 1076, 2nd Cum Pri £1 -More O'Ferral PLC 1076 2160 Gashin 110 (14/98)
18°C PLC 73.96 Criv Bds 2007[[Reg] - C8212 National Westminster Bark, PLC 976 Non-Carin Stop Pri Sers "A" ET - 112.94
National Westminster Bank, PLC 12/24
National Westminster Bank, PLC 12/24
National Westminster Bank PLC 12/24
Navarhat PLC 6.775% Cum Pri S1 - 73 6
Newcarbo Banking Society 129 96 Perm Internet Searing Shit E1006 - E134 ½ 65
Northorner Investments Ld R 0.10 - 20.584

Morthern Foods PLC 6-1<sub>6</sub>% Cine Subord Base 2008 (Reg) - 285 1<sub>4</sub> 29

am Rock Building Society 12 1 F Bearing She C1000 • C134 4 5 4 6 Orbis PLC Ord 10p - 41 212 3 Onys International Growth Fund Ld Zero Cps Cmi Ums Ln 58: 2005 - 108 (29Ap86) Pacific Gas & Electric Co She of Cont Six \$6

r Securities PLC Was to sub for Ord -Parkiand Group PLC Ord 25p - 180 80 2 Paterson Zochons PLC 10% Cum Prf £1 -118 8<sup>1</sup>/<sub>2</sub> (29Ap96) Peet Hotge PLC 10% Cum Prf 50p - 54 (1My96)

(114750) Peel Hidgs PLC 5.25% (Net) Criv Curp Non-Vig Pti (1 - 137 (1M/SS) Paninsular & Oriental Steam New Co 5% Curp Perkins Foods PLC Sp(Net) Cum City Red Prf 10p - 30 Topic State (1998) 1.5 April 1999 1.

Description (2007) Co. Ld Sts. S0.05 (Hong Kong Registered - STC.412921 .4357 Persmouth&Sunderland Newspa-penPLC11.5% 2nd Cum Pri E1 - 133 (1M/98) (1Myse)
Polgetersus: Patrume Ld Ord P0.025 - 375
(1Myse)
Quana Group Inc 8.75pl/km CnvCumRedSins
of Plo Six 50.10 - 191 202
Queen's Most Houses PUC 12% 1st May Deb Stk 2013 - £9712 0 988 PLC 104% 1st Mag RLEAHlogs PLC Fitg Rate Une Ln Str. 95/98

FRM Ld 41/4 Uns Ln Sià 2004/08 - 050 RPH Ld 9% Uns Ln Sià 99/2004 - 0100 RTZ Corporation PLC 3.325% "A" Cum Pri C1 - 52 (1M/98) Racat Bectronics PLC ADR (2:1) - \$10.2 <sup>1</sup>/<sub>4</sub> (28A/98) cal Electronics 26Ap36) nk Organisation PLC ADR (2:1) - \$16.04 metional PLC 51/4 2nd Cum Retail Corporation PLC 4.25% (Pmly 61/2%) Curr Pri S1 - 66 7

Rotork PLC 912% Cum PH 21 - 100 Royal Bank of Scotland Group PLC 11% Cum Ph 21 - 112 (26Ap96) Royal Insurance Holdings PLC 74% Criv Subord Bds 2007 (Br £ Var) - £1264 (304/piet) Rugby Group PLC 6% Uns Ln Sex 93:98 -196<sup>1</sup>2 Rugby Group PLC 744% Une Ln Sti. 93/98 -599 (146/98)

Floreson PLC Ord 50 - 46

Seineburyus PLC ADR (4:1) - 922.46 (20Appe) einsbury(J) PLC 8% ind Une tin Stit - 987½ Scholl PLC 67/4 Cum Red Pri 2001/05 S1 -101 (294g95) Scholl PLC 51-45 Chr Cum Red Pri 2806/11 C1 - 98 9 (144/95) Schrolder Japanese Warrant Fund Ld IDR (in Denom 100 Sha & 10000 Sha) - 975 80 Schroder Karns Fund PLC Ord \$0.01 (8h) -\$14 (294g86) Scottach & Newcastle PLC 4.6% Cum Pri C1

atte PLC 4.6% Cum Pri Ct SHIM PLG BASEM COM PA

Scotish & Newcastle PLC 7% Criv Cum Pri 51 - 255 (254:256) Sears PLC 5:25% (Finity 7<sup>1</sup>2%) Cum Pri 51 -73 (SDA<sub>2</sub>96) Sears PLC 8.75% (Firsty 12<sup>1</sup><sub>2</sub>%) Curn Pri E1 -110 (SDA<sub>2</sub>98) Secureor Group PLC 4.55% Curn Prig Pri E1

- E328 7 (1My98) STATESPORTETINGTON PLC Ord 25p (B)(Cpm 199) - 867 (25Ap36) Snoprite Group PLC Ord 5p - 8 9 Snoprite Finance (UIQ) PLC 7.875p(Net) Cum Red Pf Sts 2008 - 69 71 (1My96) Sidlaw Group PLC 7<sup>1</sup>2% Uns Ln Sik 2003/09 - E945

- £941<sub>2</sub> Singer & Friedlander Group PLC 8.5% Criw Subord Uns Ln Six 2009/14 - £135 7 7 800 Group PLC 3.15% Cum Prf £1 - 39¢ Signon Building Society 12% to Perm Int Bearing Six 61000 - £132½, 3¼ Straffil (a)thersynthers SmurtilLietterscr@Group PLC 6% Cum Pri Sperati(C.A.)(Special Agency) Ord 50p - \$283g Stag Group PLC 11% Cum Pri £1 - 95 6 (29Ac98)

CSACRT)
Standard Chartered PLC 12\*116 Subord Unit
Ln Six 2002/07 - 512014
Symonde PLC Out Sp - 71 2 3 5
TSB Group PLC 10\*216 Subord Ln Six 2008
- 57134 TT Group PLC 18.875% Chy Cum Red Pri Shs E1 1997 - 382 Takare PLC 11.8% 1st Mig Deb Stk 2014 -211012 (30Ap86)
Tate & Lyte PLC 612164.55% plus teo cred-njCum Pri ST - 88 (11Av96)
Tate & Lyte PLC 101/9: Une Ln Str 2008/08

- £110 CSAp96)
Taylor Woodrow PLC 9½% 1st Mag Deb Silt: 2014 - £103% (30Ap96) 2014 - C103 k; (30Ap96) Tesco PLC ADR (1:1) - 94.17 (1My96) Tesco PLC 496 Uns Deep Desc Ln Stk 2006 -059 k; (1My96) That Prime Fund Ld Ptg Red Pri 30.01 -C18.1633 18.4 181; 18.55 Thistle Hotels PLC 107/96 1st Mtg Deb Sik 2014 - C12 918 (2006) 2014 - 1112.83 (26Ap96) THORN EMI PLC ADR (1.1) - \$27.56 8.02

(1My96) Tops Estates PLC Wits to sub for Ord - 8 12 (1My96) [1My96]
Total Systems PLC Ord 69 - 32 6
Town Centre Socurines PLC 9% Uns Lin Stk 96/2000 - 536 (1My96)
Tratisiger House PLC 5.575% Cum Pri E1 - 72 (38,496)
Tratisiger House PLC 6% Lins Lin Stk 94/96 - 591 (284,596)

05 - 592 3 (26Ap86) hafalgar House PLC 101416 Una Ln 8th 2001/06 - 594 51<sub>2</sub> ZUDIOG - 336 52 retford Park, Estates PLC 114/96 1st Mitg Deb St 2007/10 - \$116/§ [3] (28Ap86) ransationic Holdings PLC A City Pri 50p Transationic Holdings PLC A City Pti 20y-524 (264)369 Transationic Holdings PLC B 6% City Pti 51 - 941<sub>2</sub> 51<sub>2</sub> 6

- 94½ 5½ 6
Transport Development, Group PLC 12½%
Uns Lin Sit 2008 - £124 (284,996)
Ungate PLC ADR (411) - 583,6 6.44
Unitever PLC ADR (411) - 573,6 (1My96)
United Ringdom Property Co PLC 8½% United Ringdom Property Co PLC 8½% United Ringdom Property Co PLC 8½% A Cum Prf £1 - 66%
Valux Group PLC 8½% A Cum Prf £1 - 66%
Valux Group PLC 9.875% Deb Sit 2015 £108¢

Vanat Group PLC 10.75% Dep Stk 2019 -£117 7 <sup>1</sup>g ,175 (25ApBR)

NEW Group PLC 10<sup>1</sup>2% Cum Red Pri 99/ 2002 CT - 86 (30Ad56) Wagon Industrial Hidge PLC 7.25p (Net) Criv Pig Pri 10p - 118 es PLC Ord 5p - 281<sub>2</sub> 8 (29A)96) Warburg (S.G.) Group PLC 75g% Curn Pri E1

- 974 (254096)
Wals Farge & Company Sha of Com Six 65 - \$2412 .7334 (304096)
Worstchaws Property Comp Pt.C 9.3% 1st Milg Deb Six 2015 - \$10174 (264096)
Westland Group Pt.C 124/3 Deb Six 2008 - \$1241/2 (1My86) ead PLC 714% Une Ln Stk 95/99 nd PLC 996 Unis Lin Silk 97/2001 -

Whithread PLC 9% Une Lit Set 97/2001 -110040 Whitecroft PLC 5.1% Cum Prf E1 - 64 5

Zembia Consolidated Copper Mines Ld"B" Ord K10 - 55 7 (26Appin)

e Group PLC ADR(10:1) - \$39<sup>1</sup>2 <sup>5</sup>6

E124 ( 11My96) Whithread PLC 6% 3nd Curs Pri Stk £1 - 65

Williams Hidgs PLC 10k% Cum Pri 81 - 121
Williams Hidgs PLC 10k% Cum Pri 81 - 121
William Comoon Group PLC ADR (5:1) \$11.72\$\phi\$ 11k\$\phi\$
William Comoolly Hidgs PLC 18k2% Cum 2nd

sub tor Ord - 840 4% Young & Co's Brewary PLC 9% Cum Pri C1 -114 (26Ap96)

Investment Trusts

Fleming Income&Growth fire Trust PLC5% Curr Pri Site - 277 (1My98) Foreign & Coloniat Breeler Co'e PLO8% Curr Fri tils - 152

C117 7 19 175 CHAPAGE VALC GROUP PLC 113-75 Deb Sik 2010 -C122 3 1 (294086) Vickers PLC 5% Priffson-Cumisis E1 - 51 ers PLC 5% Cum(Tex Free To 30p)Pri

Wilson(Cornob)+Hogs Fab.
Pri £1 - 118 (30Ap96)
Wyevale Garden Centres PLC 8.6% (Net) Criv
Cum Red Pri £1 - 195 6 (1My96) Xerox Corp Com Stk \$1 - \$146,416114 12

Anglo & Oversees Trust PLC 41g % Cum Pri Sit. - E48¢ Saille Gifford Shin Alloport PLC Warrente to sub for Ord 2005 - 47 Restees to control of the Control

Senters Investment Trust PLC 3.5% Cum Pri 5th - 155 (28Ap96) Igronement

Growth Inv Trust PLC5%

Sertmore Stridet tric & Grift Tet PLCZero Divi-dend Pri 10p - 1891/2 @

Gertmore Shared Equity Trust PLC Geral Ord Inc 10p - 63 4 6 Govern Strategic Inv Trust PLC 10-5% Deb Str. 2015 - £112-4, (30Apgs) HIR Japanese Smaller Co's Trest PLCOrden 25p - 1971<sub>2</sub> 8 9 9 .05 <sup>1</sup><sub>2</sub>

Ani

Herald Investment Trust PLC C She of 25p - 101 2 envesco English & Intl.Trust PLC 8.875% Gum Prf 21 - 109 1/2 (30Appg)

INVESCO English & Init.Trust PLC 105/9% Dato Sitk 2014 - £112 % 3% (28App8) Landon & St Lawrence Investment PLCOm Louised Investment Co PLC 11496 Deb Str 2010 - 2117( 8/4 (204096)

Mercury Keystone Investment Tat PLC113/96 Deb Sitk 2010/15 - £119 3/e (29Ap86) MorganGrenfellLatinAmerGo's Tat PLCWis to sub for Ord - 26 2 New Throgmerton Trust(1983) PLC 12.6% Data Stk 2008 - £122 to (1)4-08

New Throgmanton Trust(1983) PLC Zero Cpn Dyb SS 1986 - CS5 (1887) Paribas Franch Investment Trust PLC3era \*8\* Warrents to sub for Ord - 19 (80Ap96) Scottlish Eastern Inv Trust PLC 83/96 Deb Str 2020 - 1709 (23Ap85) Scottish investment Trust PLC 3.85% Cum Pid S& - 261 (264.09% Spottish Mortgage & Trust PLC 876-14% Stepped Interest Deb Stk 2020 - £148 Beourities Trust of Scotland PLC 12% Dat 88: 2013 - (126<sup>1</sup>2 % (28App6)

Sinkes Smaller Co's PLC With to Sub for Ord - 421/2 3 (30ApSil) TR City of Landon Trust PLC 11<sup>1</sup>2% Deb 86: 2014 - £122<sup>1</sup>4 Φ TR Smaller Compenies Inv Trust PLC 1012% Deb Stk 2016 - \$113\text{13} \text{13} \$29Ap86 Updown investment Co PLC Old 25p - 655 (30Ap96)

Witten Investment Co PLC 27% Cum Pri St -43½ (26App6) Witten Investment Co PLC 8<sup>1</sup>2% Deb Set 2016 - 1287, 9 Witten Investment Co PLC 65/26 Each 8ds 2008(RegintPrinc £1000) - £117 Witten investment Co PLC 614% Each Bids 2008 (Br E Var) - £115 (1My96)

USM Appendix

Midland & Scottish Resources PLC Ord 10p -Starting Publishing Group PLC 6% Gav Cum Red Pri 2000 Ct - 53 (30Apsis)

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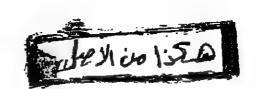
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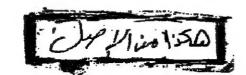


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Appendix

#### LONDON STOCK EXCHANGE

## Big insurance merger cushions market slide

London's equity market suffered another significant setback yester-day but the fall was limited by the surprise announcement of a £5.4bn merger between Sun Alliance and Royal insurance, two of the UK's

biggest composite insurers.
The insurance merger news was the latest in a series of bombshells to hit the market over the past two trading sessions and provided a substantial cushion for the FT-SE 100 index, which includes seven pure insurance stocks. Several banks, as well as BAT, the tobacco group, have large-scale insurance interests.

The other big worries for the market, the outcome of the local elections across England and the mar-ket's initial response to the collapse of the BT/Cable & Wireless merger talks, although upsetting, were rela-

tively well absorbed. Confirmation that Midlands Electricity had received a number of takeover approaches in the wake of the government's veto of bids for electricity stocks by National Power and PowerGen, was another reas-suring signal for the market, with a number of utility stocks making good progress. The drubbing of the Conservatives in the local elections caused concern, but not much more, around dealing desks.

London was also reassured by a comforting opening performance yesterday by Wall Street, which responded positively to a April non-farm payroll report showing much lower than expected job creation in the US the US.

Bonds and equities plunged on Wall Street on Thursday in the wake of the strong gross domestic product figure, which ignited fears that the next move in US interest rates could be up. There were real fears that yesterday's non-farm payroll report could have been the trigger for another big sell-off.
At the close of a tension-filled

trading session in London, Footsie fought back well after an big initial

EQUITY FUTURES AND OPTIONS TRADING

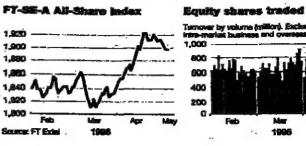
mark-down to close a net 24.8 off at 3,751.6. The second line stocks, which have become increasingly unsettled over the past week, fell heavily again, with the FT-SE Mid 250 index ending the day 22.4 down at 4,515.3.

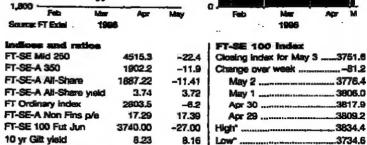
Over the week, during which Footsie always looked likely to drop back through the 3,800 level, the index retreated 81.2, or 2.1 per cent, while the Mid 250 lost 1.2 per cent. Marketmakers, taken completely by surprise by the insurance merger news, nevertheless chopped their opening quotations for the market

leaders, to accommodate the end of the telecoms merger discussions and to dissuade institutions from 944.9m.

panicking in the wake of the 76 point fall in the Dow Jones average. At its worst, Footsie showed a low, helped by Wall Street.

Composite insurances occupied the top four places in the Footsie performance league as the market realised the potential for a massive rationalisation. Mr Mark Roberts, an insurance specialist at SBC Warburg, which has been pushing the rationalisation story since last autumn, said the rest of the composites "will have to rethink their strategy in the wake of the merger. Turnover in equities reached





2.27



FT - SE Actuaries Share Indices

FT-SE Actuaries All-Share

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#### Stock index futures again fell under estimates of fair value. steepty in heavy volume, with the FT-SE 100 June contract This is rock bottom premium. The buyers have gone totally to ground, said one trader. closing off 27 points for a two day setback of 77 points, Traded options volume rose options accounting for 45,000 The June contract was 3,740 at the end of a pit session lots. Among stock options, BT erstwhile merger partners, 23,600 lots. Premium remained under severe pressure. On the racked up a combined 7,000 week, the June contract is down a net 107 points. Hanson and National Power June stood at a discount to both topped 1,400 lots. Marks the cash market of ten points and Spencer and British Gas at the close, or a full 16 points were also heavily traded. # FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point Open Satt price Change Est voi Open int. High 3761.0 3740.0 3760.0 3755.0 -27.0 -27.0 -27.0 3770.0

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Support Services+24,37	Breweries, Pube & Rent _+10.24	Telecommunications+221
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FT-SE-A Fledging+12.29	Electricity	Banks, Retail3.96
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Services+11.73	Oil, integrated+5.11	Phermacauticals4.35
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Transport+11.48	FT-SE-A M-Store+4.87	Gas Detribution8.38
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#### insurers' deal fires sector

It is abnormal for the isurance sector to react well in the face of a slide in gilts, US equities and UK stocks. But the revelation of one of

the market's best kept secrets for many months set the sector on fire.

News that Royal Insurance is to merge with Sun Alliance raised again the prospect of corporate consolidation in an industry that has been hadly burnt by intense competition.

Because there was no hostile element to the Royal/Sun link, writers were involved. Consequently the £5.5bn deal was shrouded in secrecy and completed by a tiny group of corpo-

In contrast to recent high profile deals, the market was successfully kept in the dark. There had been a whiff late on Thursday that something was going on within the sector. But the rumour was of an overseas approach for Commercial

Yesterday most brokers were recommending the composite stocks and even the bears were coming out of their lairs on the realisation that, as one analyst put it: "This is the very start of the rationalisation process".

Royal jumped 67 to 437p, Sun 55 to 414p and CU 25 to 615p while Guardian Royal Exchange rose 38 to 271p and General Accident 25 to 647p. Also Royal Bank of Scotland lifted 21 to 519p, with investors considering the future of its Direct Line subsidiary and BAT Industries climbed 6 to 5069 on consideration of Eagle

#### Pearson slides

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Pearson, the media conglomerate which owns the Financial Times, slipped 18 to 677p, after issuing a profits warning over its US software subsidiary. acquired at a premium rating

Pearson said it expected its Mindscape publishing activi-ties to make a loss of some £46m this year and came in for criticism at the annual meet-

#### NEW 52 WEEK HIGHS AND LOWS

FT-SE-A 350

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ing. Subsequently, BZW downgraded its current year forecast to £246m from £274m and HSBC James Capel reduced to £230m from £274m. One broker has also factored in a charge of £3m for restructuring at the Financial Times.
Telecoms stocks led the Foot-

rel, TRANSPORT (1) American Port Serve, Alle

sie rout with Cable & Wireless and BT marked down sharply from the outset on news of the groups' doomed merger talks. C&W ended a hectic session

more than 8 per cent lo tumbling 45 to 479p. BT retreated 12½ to 838%p. Combined turnover in the two shares was 64m.

C&W provided the main focus, with market talk ranging from alternative takeover possibilities to disposals or a break-up once the promised new management is in place.
"The permutations for

rationalisation are almost endless. When he arrives, the new

chief executive will have a lot riding on him", said NatWest Securities' telecoms analyst Mr Mark Lambert.

2.28

Some brokers felt that the C&W shares remained overvalued. The BZW view was that a p/e relative of 120 for C&W was expensive given that the main takeover hope had evaporated. "If BT cannot stitch together a deal there is little hope of others achieving a takeover", said another top sector

The two-way pull in C&W hoisted turnover to 29m, the best level since early December. Traded options volume in both BT and C&W was heavy. SmithKline Beecham tumbled 491/2 to 662p on the surprise news that the US Food

and Drug Administration had voted against recommending the company's treatment for heart failure. The treatment, known as both Kredex and Coreg, was estimated by some analysts to be worth up to £200m a year in sales.

British Borneo lifted 23% to 578p as the oil group moved into the FT-SR 250 Index to replace BET, which has been finally subsumed by Rentokil. Borneo will now become a component of index fund portfolios. Also, the company gave an encouraging drilling report from its Gulf of Mexico field and Merrill Lynch published a recommendation yesterday.

Great Universal Stores rose 9 to 696p, partly because of a bounce-back after its shares plunged the previous day following a profits warning, and partly on speculation that some joint venture may being planned with Next, which rose 5 to 537p.

Oasis Stores, a niche retailer and quite an illiquid stock. continued to be flavour of the month, rising 9 to 392p.

In the drinks sector, Guinness fell 8 to 470p following first quarter figures for LVMH which showed sa to be down. Analysts said the first quarter was the least important but the market was nervous about margins on

spirits. There were no satisfying explanations for the meteoric rise in Harry Ramsden's, the fish and chip chain, which rose 14 to 384p. Speculation of a possible bid was dismissed by several in the market

Leading property issues

### CHIEF PRICE CHANGES

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BT	338)	5-	131/2	
Cable & Wireless	479	_	45	
Costain	89	-	10	
Micro Focus	928	_	45	
Radstone Tech	60	-	B	
Slough Estates	222	_	13	
SmKline Beecham	662	_	4914	
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came under pressure following a cautious monthly mote on the sector from NatWest Secu-

Turning to individual stocks NatWest said: "The upside for Land Securities and Hammerson looks particularly limited' and it advised clients to reduce holdings in both stocks. Shares in the latter gave up 6 to 378p. while the former fell 8 to 646p.

It also believes British Land has run ahead of events and thus clients should take profits. The shares surrendered 6

Tottenham Hotspur jumped 26 to 373p, with a press tip and a shortage of stock cited as the main reasons for the move. The prospect of European competition next season enhanced

A profits warning from the Rughy Group annual meeting sent the shares down 31/2 to 122p in 7m traded. The company has been hit hard by bad lower first half profits.

Costain tumbled 10 to 89 following news that the 1995 results faced a further delay and that the year's loss was likely to outstrip the current City consensus

P&O added 7 to 527p, underpinned by a 7 per cent yield plus cost savings stories on far-

Midlands Electricity jumped 38 to 423p as it confirmed mar-ket speculation that it was in

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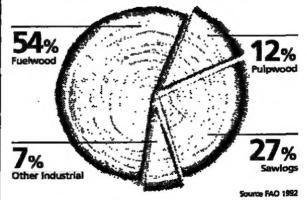
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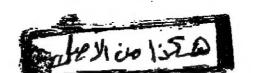
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## FINANCIAL TIMES

Weekend May 4/May 5 1996



Sun Alliance and Royal Insurance tie-up set to cost 5,000 jobs

## UK insurers agree £6bn merger

By Ralph Atkins in London

Sun Alliance and Royal Insurance yesterday announced plans for a £6bn (\$9.1bn) merger which is expected to yield substantial cost savings and lead to the loss of 5,000 jobs.

The deal, expected to herald a fresh wave of restructuring in the UK financial services sector, marked the first consolidation among composite insurers since Sun Alliance's acquisition of Phoenix Insurance more than a

It will propel the combined group closer to the top league of European insurers, such as Allianz of Germany, Generali of Italy and Zurich of Switzerland. The move fuelled speculation that other mergers would follow, prompting steep rises in shares of

The merged group, Royal Sun Alliance, would have premium income of £9.4bn and overtake Commercial Union to become the UK's largest composite insurer, combining life and general business. On 1995 figures, pre-tax operating profits would have

Royal and Sun Alliance entered informal discussions at the end of last year. But the merger move surprised analysts, , who had expected Sun Alliance to acquire Friends Provident, the mutual life insurer - a deal which has now been more or less ruled out. The two groups' shares rose sharply on the back of expected cost savings worth £175m a year by 1998. The combined group's size will increase its ability to stem price competition in UK insurance, perhaps reversing recent premium price weakness.

It may also be better placed to seize overseas expansion opportunities. Royal's shares ended up 67p at 437p and Sun Alliance up 55p at 414p.

The scale of the job cuts, most of which will be in the UK. attracted criticism from trade unions. Mr Alan Piper, assistant general secretary at finance union Bifu, which represents 800 Sun Alliance workers, said: "Staff will pay the price as the merged company cuts costs and goes for greater profits."

The OFT last night confirmed it would study the bid to see whether it should recommend a referral to the Monopolies and Mergers Commission. The two groups said competition issues were not expected to be a prob-lem, except possibly in specialist boller engineering insurance.

man. Mr Richard Gamble, Royal's chief executive, will have the same position but will report to Mr Taylor. Sir Christopher Benson, chairman of Sun Alliance, will chair the group.

Royal Sun Alliance expects to pay a dividend of at least 19p a share this year. Under the merger, expected to become effec-tive in August, a holder of 1,000 Royal Insurance shares will hold 1,067 Royal Sun Alliance. A holder of 1,000 Sun Alliance shares will hold 1,000 of the new group's shares.

Royal Insurance is advised by Baring Brothers and Sun Alliance by NMRothschild.

Insurance merger, Page 8 Editorial comment, Page 8

## Major to stand firm despite rout of Tories in local polls

By John Kampfner in London

The UK government will yield no further concessions to Eurosceptics in the ruling Conservative party and will not undergo a radical cabinet reshuffle in spite of the Tories' rout in the local council elections, Mr John Major made clear yesterday. Hours after the Tories' second

national poll, the prime minister met senior strategists at the start of a year of dogged campaigning in the run-up to the next general

Mr Major declared his government would serve its full term, to April or May 1997, and that he

would lead the Tories to victory. Thursday's voting has left the Conservatives without a single seat in 50 councils. Out of the 1,016 seats they were defending across England, 567 were lost. The opposition Labour party gained 459 councillors while the Liberal Democrats gained 147.

However, so low were expectations that ministers and back-

benchers were able to portray the outcome as signifying the start of a fightback.

They pointed to the Tories' share of the vote improving to 27 per cent from last year's all-time low of 25 - even though that leaves the Conservatives 16 points adrift of Labour.

Mr Tony Blair, the Labour leader, described the results as "spectacularly bad" for the Tories, but added: "Our task is not to bask in victory." He predicted the government would try dicted the government would try

to "stagger on".

The mood among Tory MPs was grim, but just short of panic. Even Mr Major's most ardent detractors acknowledged there was now little prospect of per-suading him to stand down.

One rightwing minister said:
"It's depressing but not beyond hope. What we need now is a few months without disasters, a good budget and for all our MPs to shut up about Europe.

A close colleague of Mr Major said the prime minister was policy as coherent, and not a compromise between extreme sceptics and Euro-enthusiasts.

Mr Major - who has a majority in the Commons of just one will seek to rally his forces in a speech to the Scottish Conservative conference next weekend.

Mr John Redwood, the former Welsh secretary who challenged Mr Major a year ago, stressed that while he considered the leadership issue now closed he would continue to press for a realignment of policy.
Mr Michael Portillo, defence

secretary, who is seen as a possi-

ble future candidate of the right, called for an end to in-fighting. Ministers are pinning most of their hopes on an economic upturn. Mr Major acknowledged tax rises had caused pain but, in a series of interviews yesterday, he said: "The rewards are on their way. I intend to stay here until the rewards are through."

Brave face on disaster, Page 9 Philip Stephens, Page 9 | were offset by modest job Joe Rogaly, Weekend FT Page I | in service sector industries.

## **Jobs figures**

Continued from Page 1

while consistent with moderate growth, damped concern the economy was overheating and were seen as reducing the risk of an early rise in interest rates.

However, the April report was a mixed blessing for bond investors because it contained further tentative evidence of an acceleration in wage inflation. Average hourly earnings rose 0.6 per cent taking the annual rate of increase to 3.1 per cent. Economists at Columbia University yesterday also reported the first increase in their leading index of

inflation in 15 months. The Labour Department said employment in construction and manufacturing fell by 53,000 and 17,000 respectively last month. The manufacturing decline would have been three times as large but for the return of motor industry workers laid off during March because of the General

### ease fears of US rate rise

Motors strike. These job losses were offset by modest job gains

#### THE LEX COLUMN

## Skimming the froth

Panicking about the US jobs figures is becoming a monthly ritual for Wall Street traders. Just for a moment, it looked as if yesterday's data, showing a mere 2,000 jump in the number of people joining the payroll in April. had been greeted with mild relief. But the apparently benign headline numbers were soon ignored in favour of the rise in average earnings. The market is right to be concerned, having previously more or less bought the story that companies' strong earnings growth was not feeding through into

higher salaries for their employees. In fact, the the long bond yield has already backed up a full percentage point to just over 7 per cent, due to fears that inflationary pressures will cause the US Federal Reserve to start raising interest rates. Indeed, the September Eurodollar futures contract is now discounting a half-point rise in key interest rates.

But the fact that the market is already preparing the ground for a rate rise is a healthy sign. The increase, when it comes, will not be the shock it was in 1994, and rates are starting from a higher base. The Fed itself, rather than racing to catch up with events, will be fine-tuning the economy. All this suggests that, while prevailing conditions in the bond market are likely to remain bearish, at least the market has priced in plenty

of bad news already. The stock market, on the other hand, having so far defied bond market weakness, appears vulnerable. Shares looked reasonably priced relative to bonds at the start of the year, but the valuation now looks stretched The mad rush for glamorous but expensive initial public offerings like Yahoo! and Planet Hollywood suggests investors are losing touch with reality. Investors in glitzy stocks - Donna Karan is next in line - will certainly be brought down to earth with a bump

when the turn comes. That said, the reversal in stock prices, when it comes, will be driven by bond weakness rather than by any fundamental overvaluation of the broad equity market. Once the bond market regains stability, it will once again provide a floor for equities.

#### UK insurance

Royal Insurance and Sun Alliance have done more than a good deal; with luck, they have fired the starting-gun for a much broader consolidation of Britain's insurance industry. The sheer scale of the cost savings promised yesterday - £175m (\$264.25m) a year by 1998, and enough to increase profits by around 20 per cent - means

FI-SE Eurotrack 200: 17.13.7 (-10.8) US equities and bonds A30-yr long bond yield,%

other insurers have little excuse not to

Are these savings plausible? History suggests so; when Sun Alliance bought Phoenix in 1984, costs were cut by 18 per cent in as many months. And yesterday's promises are closely in line with those forecast by Lloyds Bank when it merged with TSB. Of course, lower costs will not mean higher profits for ever; as rivals catch up, the benefits are likely to be quite quickly competed away in lower rates. But yesterday's sharp rises in the Royal and Sun share prices - 16 and 15 per cent respectively - still look justified. For one thing, both stocks looked undervalued before the deal. For another, if the logic of the merger encourages others to get together, the result should be a less pronounced insurance cycle. A market dominated by fewer companies should be less prone to drastic rate-cutting in the downswing. That would be good news

for the entire sector. But the deal still leaves two big questions unanswered. The first surrounds management. On present plans, the company will be run by two men; Royal's Mr Richard Gamble will be chief executive, but he will report to Sun's Mr Roger Taylor, who will have the ill-defined role of executive deputy chairman. The duo may be able to pull off this tactful fudge. But it could just as easily end in tears.

The second issue is that the new group is awash with capital. Even on Sun's conservative measure, the new business will have a "solvency ratio" shareholders' funds to premium income - of 72 per cent. It could easily take this down to, say, 50 per cent handing back nearly £2bn in cash to shareholders in the process. The risk, of course, is that this surplus capital will be blown - for instance, on gran-

Gamble and Taylor, in short, deserve plenty of credit for putting together what should be a ground-breaking deal. But as far as investors are concerned, the business is unfinished. The two now need to show they can agree on a clear strategy for the group - and that they actually need the capital with which they are so lavishly equipped. If they cannot, abareholders should press hard to get their hands

#### UK pharmaceuticals

Yesterday's 7 per cent drop in SmithKline Beecham shares looks an overreaction to the group's failure to win US regulatory approval for its heart treatment Coreg. While Coreg is one of the more exciting drugs in SmithKline's pipeline, it was never expected to be a blockbuster. Analysis had pencilled in peak sales of up to \$400m for Coreg, compared with group turnover of £7bn last year. Even it Coreg never makes it to the market its loss would knock less than I percentage point off SmithKline's estimated annual earnings growth of 13-15 per cent over the next five years. But the medical data on Coreg suggest i can reduce mortality in cases of heart failure. So in all probability Coreg will be launched, but perhaps 18 months late as SmithKline carries out supple

mentary clinical trials. If there is a point to this episode it is that SmithKline's original trial programme appears to have been badly designed - an unexpected lapse for a big drug company. But with new prod-ucts for asthma and ovarian cancer and fresh indications for anti-depres sant Paxil all awaiting approval, this

looks like a hiccup. Potentially much more worrying for the pharmaceutical sector was Thursday's US Senate ruling that patent extensions adopted under world trade agreements are open to challenge. The principal victim could be Glazo Wellcome. The effect of last year's trade agreement was to lengthen the US patent on its anti-ulcer drug Zantac by 18 months to July 1997 - worth more than \$1bn in extra sales to Glaxo. Now it looks possible that a cheap offpatent version of Zantac could hit the market by September 1996, even though rivals still have to overcome significant legal and production barri-ers. Despite that, SmithKline and Glaxo are both trading on roughly the same multiple of 14-15 times next year's expected earnings - even though the latter is growing more slowly and carries higher risks. Smith-

#### **Eurotunnel refinancing**

between £2.5bn and £3.5bn. In return the banks would receive up to 49 per cent of the shares. However at the meeting a num-

ber of banks expressed concern at the outline plans. They argued that if the banks were to swap such a large sum of debt they should receive more of the shares. The six lenders in the steering

group are National Westminster, Midland Bank, Banque Nationale de Paris, Credit Lyonnnais, European Investment Bank and the European Coal and Steel Community.

one of the two French lead banks said that within the steering

tension. The British side was keener to take a big stake in Eurotunnel and so dilute those of

solicitous of the interests of small shareholders because the latter were predominantly Franch.

The agreement among the steering group to put their proposals to the company comes after Sir Alastair publicly blamed them for the slow pace of the

the small shareholders while the

French banks had to be more

The group has been in negotia-tions with its banks since September, when it suspended inter est payments on £8bn of debt after deciding that it could not meet its interest payments from revenues for many years.

#### Astra hit by sex allegations

the chief executive." Astra said its own preliminary

FT WEATHER GUIDE

a former female employee fo sexual harassment. Mr Branson has denied the allegations.

The company, the biggest by market capitalisation on the Stockholm bourse, is preparing for a listing on the New York Stock Exchange on May 23, only the second Swedish company to do so after the truckmaker Scania. Its anti-ulcer compound Losec is set this year to become the world's biggest-selling prescription drug. Astra's most-traded A shares fell SKr3.50 to close at SKr304.50. But Mr Ternby said: "The reac-

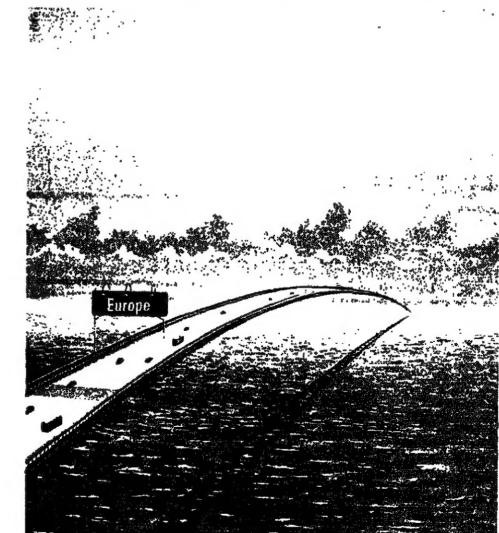
tion from customers, investors and analysts has been cool. They realise this concerns more or less a single person and has nothing to do with our business."

## mmittee there was still some

extremely seriously, of course, and that is why we suspended

investigation had revealed similar allegations to those made by Business Week. But no evidence of a breach of federal law had so far been found and it would take no action against other named executives until the investigation was complete.

The Astra revelations come only a month after the US Equal Opportunities Agency opened a sexual harassment suit against the US arm of Japan's Mitsubishi Motors. Mr Richard Branson, chairman of the Virgin group, was sued in the US last week by



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#### **Europe today** A northerly air flow will draw cold, moist air into the British Isles and the Low Countries. It

will be mainly overcast with rain in Scotland and eastern England. The flow will be maintained by an area of low pressure over southern Scandinavia. Cloud will stretch from northern Finland across southern Sweden and Germany to the Alps. It will rain in Sweden. A southerly flow will draw warm, humid air into Ukraine and Russia. Southeastern Europe will be warm, dry and sunny.

#### Five-day forecast

There will be showers on Sunday in the south-western part of the Iberian peninsula. On Tuesday it will rain in France and the region south of the Alps. The British Isles will be dry with sunny spells. It will stay warm and sunny in south-eastern Europe.

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